CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

CENTRAL BANK OF NIGERIA

CORPORATE INFORMATION

Directors

Mr. Godwin I. Emefiele (CON)	- Governor
Mr. Edward L. Adamu	- Deputy Governor (Corporate Services Directorate)
Dr. Okwu J. Nnanna - Retired 2 February 2020	- Deputy Governor (Economic Policy Directorate)
Dr. Kingsley I. Obiora - Appointed 3 March 2020	- Deputy Governor (Economic Policy Directorate)
Mrs. Aishah N. Ahmad	- Deputy Governor (Financial System Stability Directorate)
Mr. Folashodun A. Shonubi	- Deputy Governor (Operations Directorate)
Mr. Adeola Adetunji	- Non-Executive Director
Mr. Idris Ahmed	- Non-Executive Director
Prof. Justitia O. Nnabuko	- Non-Executive Director
Dr. Mahmoud Isa Dutse	- Non-Executive Director
Prof. Mike I. Obadan	- Non-Executive Director
Prof. Ummu A. Jalingo	- Non-Executive Director
Dr. Abdu Abubakar - Appointed 4 April 2019	- Non-Executive Director

Corporate Secretary
Alice Karau
Central Bank of Nigeria
Abuja

Auditors

Ernst & Young
UBA House, 10th & 13th Floors
57 Marina Road,
Lagos

www.ey.com/ng

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos
www.kpmg.com/ng

Head Office
Central Bank of Nigeria
Plot 33, Abubakar Tafawa Balewa Way
Central Business District
Cadastral Zone
Abuja
Federal Capital Territory
Nigeria

REPORT OF THE BOARD OF DIRECTORS

Introduction

The consolidated and separate financial statements of the Central Bank of Nigeria ('the Bank') for the year ended 31 December 2019 were prepared based on accounting policies set out on pages 17 to 46 which are derived from the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practices in the guidelines issued February 2018, revised December 2019 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations, the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

Results

The Profit for the year was ₦2,966 million (2018: ₦4,215 million) for the Bank while the Group's Profit was ₦34,638 million (2018: ₦43,770 million). In line with the provisions of the Fiscal Responsibility Act 2011, 20% of the Net Income of the Bank will be credited to retained earnings while the balance will be paid to the Federal Government of Nigeria.

Corporate Governance

The Board of Directors is the highest policy making organ of the Bank and decisions of the Board are taken in consonance with submissions from various Board Committees and Departmental Directors.

The business and governance of the Bank has since then been carried out by them in compliance with Section 6 of the CBN Act, 2007.

The Board of Directors had held 6 meetings between January and December 2019.

The Committee of Governors had held 47 meetings between January and December 2019.

The Committees of the Board are:
1. Committee of Governors
2. Finance and General Purposes Committee
3. Audit, Risk and Cyber-Security Committee
4. Establishment Committee
5. Investment Committee
6. Corporate Strategy Committee
7. Financial System Stability Committee
8. Remuneration, Ethics and Anti-Corruption
9. CBN Pension Fund Management

Apart from the Committee of Governors which is the executive management of the Bank, the composition of other Board Committees include the right mix of both the Executive and Non-Executive Directors for effective corporate governance.

A centralized integrated risk management co-ordination function is performed by the Risk Management Department (RMD). The role of the RMD is to develop, maintain and promote an appropriate risk management policy, framework, approach and culture, methodologies, processes and support systems.

The RMD is also responsible for coordinating and facilitating an integrated and uniform compliance management process in the Group; advancing and facilitating specialized operational risk management process, including business continuity, occupational health and safety and information security.

The Internal Audit Department of the Bank provides independent objective assurance of the adequacy and effectiveness of control, risk management and governance process of the Group.

Ethics Management

The Bank, as the Central Bank of Nigeria, must be and should be seen to be an institution of integrity which maintains the highest ethical standards. The executive management of the Bank is intensely aware of this core value and expectation, and commits itself to creating a working environment that encourages and facilitates honesty, integrity and ethical behavior.

CENTRAL BANK OF NIGERIA

REPORT OF THE BOARD OF DIRECTORS

The Bank is committed to equality, meritocracy and international best practice.

We present the state of affairs of the Group and the Bank as at 31 December 2019, the results and cash flows of the Group and the Bank in accordance with the accounting policies set out on pages 17 to 46 which are derived from the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and the recommended practices in the guidelines issued February 2018 and revised December 2019 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations, the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

Corporate Secretary

CENTRAL BANK OF NIGERIA

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

In accordance with the provisions of the Central Bank of Nigeria Act, 2007, the Board of Directors is responsible for the preparation of consolidated and separate financial statements which are prepared, in all material respect in accordance with the accounting policies set out on pages 17 to 46 which are derived from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practice in the guidelines issued February 2018 and revised December 2019 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

The responsibilities include ensuring that:

i the Central Bank of Nigeria keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and its subsidiaries which are in all material respect in accordance with the accounting principles set out on pages 17 to 46 which are derived from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and recommended practice in the guidelines issued February 2018 and revised December 2019 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

ii appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;

iii the Central Bank of Nigeria prepares its consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and

iv it is appropriate for the consolidated and separate financial statements to be prepared on a going concern basis.

The Board of Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates derived from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practice in the guidelines issued February 2018 and revised December 2019 by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

The Board of Directors are of the opinion that the consolidated and separate financial statements are prepared in all material respects, in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") ,the recommended practice in the guidelines issued February 2018 and revised December 2019 by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline), the relevant provisions of the Central Bank of Nigeria Act No. 7, 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011 to reflect the state of the financial affairs of the Central Bank of Nigeria ("the Bank") together with its subsidiaries ("the Group") as at 31 December 2019, and of its financial performance and cash flows for the year ended 31 December 2019.

The Board of Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board of Directors to indicate that the Central Bank of Nigeria will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

Governor: Mr. Godwin I. Emefiele (CON)
FRC Number: FRC/2013/IODN/00000001080

Deputy Governor
(Corporate Services Directorate) Mr. Edward L. Adamu
FRC Number: FRC/2018/NIQS/00000018729

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Central Bank of Nigeria ("the Bank") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, comprising significant accounting policies and other explanatory information, as set out on pages 11 to 102.

In our opinion, the accompanying consolidated and separate financial statements for the year ended 31 December 2019 are prepared, in all material respects, in accordance with the accounting policies set out on pages 17 to 46 which are derived from the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practice in the guidelines issued by the Financial Reporting Council of Nigeria (FRCN) titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" ("the Guideline") in February 2018 and revised December 2019, and the relevant provisions of the Central Bank of Nigeria Act No. 7, 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Expected Credit Loss (ECL) assessment on financial instruments The impairment of financial assets using the expected credit loss approach in line with IFRS 9, *Financial Instruments*, is considered to be a key audit matter due to the significance of amount, and the level of subjectivity involved in estimating the key assumptions that impact the recoverability of financial assets, including the application of industry knowledge and prevailing economic conditions in arriving at the level of impairment allowance required. The ECL model involves the application of judgement, assumptions and estimation in determining inputs for ECL calculation such as: • Determining criteria for significant increase in credit risk (SICR) for staging purposes. • Assessing the relationship between the quantitative factors such as default and qualitative factors such as future macro-economic variables. • Incorporating forward looking information in the ECL model building process. • Factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD). • The credit conversion factors applied to off-balance sheet exposures • Factors considered in collateral valuation. We focused on the impairment losses on financial assets due to the significant judgements, estimates and assumptions made by the Group in determining the impairment allowance required. Refer to Notes 14, 16, 18, 22 and 32(c) of the consolidated and separate financial statements for disclosures on impairment losses on financial assets.	Our procedures included the following: We reviewed the ECL model prepared by the management for computation of impairment on financial assets in line with the requirements of IFRS 9, *Financial Instruments*. We reviewed the Bank's 12-month ECL on sovereign securities held, in accordance with the recommendation of the Guideline as issued by the Financial Reporting Council of Nigeria, which permits the Bank to estimate the 12 months ECL for its sovereign securities as zero. For loans classified under stages 1 and 2, we selected material loans and reviewed the repayment history for possible repayment default. We reviewed the various factors considered in classifying the loans within stages 1 and 2 and in the measurement of ECL. We evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cashflows, outstanding loan balances, loan repayment types, and loan tenors by comparing the exposure at default computed by the Bank to the recomputed exposure at default and investigating all material differences. For Probability of Default (PD) used in the ECL calculations, we reviewed the historical movement in facilities between default and non-default categories; We also reviewed the calculation of the Loss Given Default (LGD) used by the Bank in the ECL calculations for accuracy and evaluated the appropriateness of the values of collaterals used. We reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7 - Financial Instruments and IFRS 9 Disclosures. Other areas of complexities which include incorporating forward looking information such as macro-economic indicators like inflation, exchange rate, and Gross Domestic Product (GDP) growth rate, were equally reviewed for reasonableness taking into consideration available information in the public domain.

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA – continued

Key Audit Matters	How the matter was addressed in the audit
Assessment of key contingent liabilities The Group has significant contingent liabilities which are disclosed in Note 32 of the consolidated and separate financial statements. The Bank is involved in a number of litigations with contingent liabilities amounting to N35.7 trillion as at 31 December 2019 (2018: N31.7 trillion). Included in the litigation are two significant cases with total claims of N35.6 trillion, which the Bank disclosed as a contingent liability in line with the requirements of IAS 37 Provisions, Contingent Assets and Contingent Liabilities. For the first case, the Bank had lost at the Federal High Court in March 2014. The Bank has appealed against the decision of the Federal High Court, of which, the appeal is still pending before the Court of Appeal. There was a 2nd defendant on this legal case, who had lost at the Federal High Court and the Court of Appeal (the Bank was a party to the 2nd defendant's appeal). The judgement sum amounts to GBP2.159 billion with 15% annual interest calculated with effect from 22 June 1995. For the other case, the legal action was made against the Federal Government of Nigeria. The Bank is involved as a result of its capacity of being the Banker to the Federal Government of Nigeria. An Arbitration tribunal awarded a sum of USD6.597 billion against the Federal Government of Nigeria, with 7% annual interest calculated with effect from 20 March 2013. The case was taken tq the Commercial Court in England for enforcement in March 2018 and a ruling for the sum of USD9.6 billion was later granted against the Federal government of Nigeria. The Federal Government of Nigeria has applied for a stay of execution of the ruling while appealing at the Commercial Court of England. No provision (2018: Nil) was made during the year in the consolidated and separate financial statements as the directors believe that, based on existing evidence, the likelihood of the contingent liabilities crystalizing is remote. This is considered a key audit matter in the consolidated and separate financial statements given the significance of the amount, and judgement made by the directors in determining that no provision is required.	Our procedures included the following: We obtained and reviewed Management's assessment of the legal cases. We obtained and reviewed confirmation responses from the external independent legal counsels handling the litigations on their assessment and likelihood of success of the cases in favour of the Bank or the Federal Government of Nigeria for the respective cases. For the first case, we reviewed the judgement of the Federal High Court dated 11 March 2014. We received and reviewed the Bank's brief of argument and the amended notice of appeal. For both cases, we obtained and reviewed independent legal opinions on the assessment and likelihood of success of the cases in favour of the Bank or the Federal Government of Nigeria respectively. We reviewed the disclosures made by the Management in Note 32 to the consolidated and separate financial statements. We confirmed the treatment and extent of contingent liability disclosures under IAS 37 - Provisions, Contingent Assets and Contingent Liabilities. We exercised professional judgement in our assessment of the legal cases, taking into consideration the reports of the external legal counsels and independent solicitor.

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA – continued

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Report of the Board of Directors, Statement of Directors' responsibilities in relation to the preparation of the financial statements, consolidated and separate statements of value added and consolidated and separate five-year financial summary but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that is in accordance with the accounting policies which are derived from the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and based on the Guideline issued by the Financial Reporting Council of Nigeria and the relevant provisions of the Central Bank of Nigeria No. 7, 2007 and the Financial Reporting Council of Nigeria Act No.6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Bank or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA – continued

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves compliance with the accounting policies.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and Finance and General Purpose Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors and Finance and General Purpose Committee with a statement that we have complied with ethical requirements regarding independence and to communicate with them all relationships, and other matters that may reasonably by thought to bear on our independence, and where applicable related safeguards.

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA – continued

From the matters communicated with Board of Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For: **Ernst & Young**
Lagos, Nigeria

Jamiu Olakisan, FCA
FRC/2013/ICAN/00000003918
30 April 2020

For: **KPMG**
Lagos, Nigeria

Ayodele Othihiwa, FCA
FRC/2012/ICAN/00000000425
30 April 2020

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Bank	
	Notes	2019 N'million	2018 N'million	2019 N'million	2018 N'million
Interest and similar income calculated using the effective interest method	5a	1,471,365	874,973	1,453,193	852,539
Other interest and similar income	5b	87,867	39,228	87,867	39,228
Interest and similar expense calculated using the effective interest method	6	(2,221,373)	(1,902,881)	(2,220,766)	(1,900,876)
Net interest expense		**(662,141)**	**(988,680)**	**(679,706)**	**(1,009,109)**
Fees and commission income	7	64,246	54,440	64,053	54,270
Net fair value gains on financial instruments	8	50,183	61,928	50,183	61,928
Other operating income	9	1,044,759	851,817	1,053,554	853,889
Total operating income		**497,047**	**(20,495)**	**488,084**	**(39,022)**
Credit loss (expense)/reversal	14	(82,758)	409,941	(81,949)	409,997
Net operating income		**414,289**	**389,446**	**406,135**	**370,975**
Personnel expenses	11	(168,034)	(137,361)	(161,845)	(129,237)
Depreciation of property, equipment and right-of-use assets	24	(27,691)	(18,913)	(16,698)	(14,186)
Amortisation of intangible assets	23	(2,969)	(1,206)	(2,806)	(1,206)
Currency issue expenses	12	(10,207)	(14,165)	(85,300)	(74,453)
Other operating expenses	13	(197,050)	(189,873)	(136,520)	(147,678)
Total operating expenses		**(405,951)**	**(361,518)**	**(403,169)**	**(366,760)**
Profit before share of associates' profit		**8,338**	**27,928**	**2,966**	**4,215**
Share of profit of associates	21	33,632	23,575	-	-
Profit before tax		**41,970**	**51,503**	**2,966**	**4,215**
Income tax expense	15a	(7,332)	(7,733)	-	-
Profit for the year		**34,638**	**43,770**	**2,966**	**4,215**
Attributable to:					
Equity holder of the Bank		33,155	41,956	2,966	4,215
Non-controlling interests		1,483	1,814	-	-
		34,638	43,770	2,966	4,215

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Profit for the year		**34,638**	**43,770**	**2,966**	**4,215**
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods net of tax:					
Debt instruments at fair value through other comprehensive income (FVOCI):					
Net change in fair value during the year at FVOCI	10	94	(20)	94	(20)
Net gains/(losses) on financial investments at fair value through other comprehensive income		94	(20)	94	(20)
Share of other comprehensive income/(loss) of associates	21	22,338	(3,530)	-	-
Total items that may be reclassified to profit or loss		**22,432**	**(3,550)**	**94**	**(20)**
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at FVOCI	10	8,769	(1,941)	8,769	(1,941)
Re-measurement (losses)/gains on defined benefit plans	28	(43,065)	7,632	(44,823)	7,632
Revaluation surplus on Property and Equipment	24	196,264	-	196,264	-
Total items that will not be reclassified to profit or loss		**161,968**	**5,691**	**160,210**	**5,691**
Other comprehensive income for the year, net of tax		**184,400**	**2,141**	**160,304**	**5,671**
Total comprehensive income for the year		**219,038**	**45,911**	**163,270**	**9,886**
Attributable to:					
Equity holder of the Bank		217,555	44,097	163,270	9,886
Non-controlling interests		1,483	1,814	-	-
		219,038	**45,911**	**163,270**	**9,886**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Bank	
	Notes	2019 N'million	2018 N'million	2019 N'million	2018 N'million
Assets					
Cash and bank balances	16e	234,661	18,954	-	-
External reserves	16	14,295,794	16,376,603	14,295,794	16,376,603
IMF Holdings of Special Drawing Rights	17a	747,143	639,070	747,143	639,070
Loans and receivables	18	17,085,405	13,301,870	17,431,338	13,388,732
Investment securities:					
Debt instruments at fair value through other comprehensive income	19	44,423	2,531	44,423	2,531
Equity instruments at fair value through other comprehensive income	19	166,656	43,602	166,656	43,602
Debt instruments at amortised cost	19	3,092,129	3,013,284	2,989,569	2,903,535
Investments in subsidiaries	20	-	-	45,401	45,401
Investments in associates	21	344,273	294,454	111,126	111,126
Quota in International Monetary Fund (IMF)	17b	1,016,290	1,046,449	1,016,290	1,046,449
Other assets	22	429,725	230,476	409,384	209,281
Intangible assets	23	7,099	6,752	6,744	6,752
Property and equipment and right-of-use assets	24	740,940	538,106	681,499	469,059
Total assets		**38,204,538**	**35,512,151**	**37,945,367**	**35,242,141**
Liabilities					
Bank notes and coins in circulation	27	2,442,031	2,298,267	2,442,045	2,328,766
Deposits	25	13,483,109	14,365,409	13,565,073	14,365,409
Central Bank of Nigeria Instruments Issued	26	14,620,713	12,795,093	14,620,713	12,795,093
IMF allocation of Special Drawing Rights	17d	835,174	714,179	835,174	714,179
IMF related liabilities	17c	967,851	998,012	967,851	998,012
Employee benefit liabilities	28	129,307	74,221	131,171	74,336
Current income tax payable	15b	8,472	3,041	-	-
Deferred tax liabilities	15c	11,428	10,868	-	-
Other liabilities	29	4,693,053	3,456,326	4,703,777	3,447,680
Total liabilities		**37,191,138**	**34,715,416**	**37,265,804**	**34,723,475**
Equity					
Share capital	30	5,000	5,000	5,000	5,000
Retained earnings	30	607,395	619,678	427,221	471,451
Fair value reserve	30	49,258	43,430	51,078	42,215
Foreign currency translation reserve	30	144,611	119,238	-	-
Revaluation reserve	30	196,264	-	196,264	-
Equity attributable to equity holders of the Bank		1,002,528	787,346	679,563	518,666
Non-controlling interests		10,872	9,389	-	-
Total equity		1,013,400	796,735	679,563	518,666
Total liabilities and equity		**38,204,538**	**35,512,151**	**37,945,367**	**35,242,141**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 5 March 2020.

Godwin I. Emefiele (CON)
FRC/2013/IODN/00000001080
Governor

Mr. Edward L. Adamu
FRC/2018/NIQS/00000018729
Deputy Governor, Corporate Services Directorate

Mr. Benjamin A. Fakunle
FRC/2019/ICAN/00000019338
Director, Finance Department

GROUP

	Attributable to the equity holder of the Bank							
	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Foreign currency translation reserve N'million	Revaluation reserve N'million	Total N'million	Non-controlling interests N'million	Total equity N'million
As at 1 January 2019	5,000	619,678	43,430	119,238	-	787,346	9,389	796,735
Profit for the year	-	33,155	-	-	-	33,155	1,483	34,638
Other comprehensive income:								
Net change in fair value of debt instruments measured at FVOCI	-	-	94	-	-	94	-	94
Net change in fair value of equity instruments at FVOCI	-	-	8,769	-	-	8,769	-	8,769
Re-measurement loss on defined benefit plans (Note 28)	-	(43,065)	-	-	-	(43,065)	-	(43,065)
Revaluation surplus on property and equipment (Note 24)	-	-	-	-	196,264	196,264	-	196,264
Share of other comprehensive income of associates (Note 21)	-	-	(3,035)	25,373	-	22,338	-	22,338
Total comprehensive income/(loss)	-	(9,910)	5,828	25,373	196,264	217,555	1,483	219,038
Transfer to the Federal Government of Nigeria (Note 29a)	-	(2,373)	-	-	-	(2,373)	-	(2,373)
As at 31 December 2019	5,000	607,395	49,258	144,611	196,264	1,002,528	10,872	1,013,400

For the year ended 31 December 2018

	Attributable to the equity holder of the Bank							
	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Available-for sale reserve N'million	Foreign currency translation reserve N'million	Total N'million	Non-controlling interests N'million	Total equity N'million
As at 1 January 2018	5,000	638,487	-	47,006	121,153	811,646	7,575	819,221
Impact of adopting IFRS 9	-	(65,025)	47,006	(47,006)	-	(65,025)	-	(65,025)
Restated opening balance under IFRS 9 and 15	5,000	573,462	47,006	-	121,153	746,621	7,575	754,196
Profit for the year	-	41,956	-	-	-	41,956	1,814	43,770
Other comprehensive income:								
Net change in fair value of debt instruments measured at FVOCI	-	-	(20)	-	-	(20)	-	(20)
Net change in fair value of equity instruments at FVOCI	-	-	(1,941)	-	-	(1,941)	-	(1,941)
Re-measurement gains on defined benefit plans (Note 28)	-	7,632	-	-	-	7,632	-	7,632
Share of other comprehensive loss of associates (Note 21)	-	-	(1,615)	-	(1,915)	(3,530)	-	(3,530)
Total comprehensive income/(loss)	-	49,588	(3,576)	-	(1,915)	44,097	1,814	45,911
Transfer to the Federal Government of Nigeria (Note 29a)	-	(3,372)	-	-	-	(3,372)	-	(3,372)
As at 31 December 2018	5,000	619,678	43,430	-	119,238	787,346	9,389	796,735

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

BANK

	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Revaluation reserve N'million	Total equity N'million
As at 1 January 2019	5,000	471,451	42,215	-	518,666
Profit for the year	-	2,966	-	-	2,966
Other comprehensive income:					
Net change in fair value of debt instruments measured at FVOCI	-	-	94	-	94
Net change in fair value of equity instruments at FVOCI	-	-	8,769	-	8,769
Remeasurement loss on defined benefit plans net of tax (Note 28)	-	(44,823)	-	-	(44,823)
Revaluation surplus on property and equipment (Note 24)	-	-	-	196,264	196,264
Total comprehensive income/(loss)	-	(41,857)	8,863	196,264	163,270
Transfer to Federal Government of Nigeria (Note 29a)	-	(2,373)	-	-	(2,373)
As at 31 December 2019	5,000	427,221	51,078	196,264	679,563

For the year ended 31 December 2018

	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Available-for-sale reserve N'million	Total equity N'million
As at 1 January 2018	5,000	524,697	-	44,176	573,873
Impact of adopting IFRS 9	-	(61,721)	44,176	(44,176)	(61,721)
Restated opening balance under IFRS 9	5,000	462,976	44,176	-	512,152
Profit for the year	-	4,215	-	-	4,215
Other comprehensive income:					
Net change in fair value of debt instruments measured at FVOCI	-	-	(20)	-	(20)
Net change in fair value of equity instruments at FVOCI			(1,941)	-	(1,941)
Remeasurement gains on defined benefit plans net of tax (Note 28)	-	7,632	-	-	7,632
Total comprehensive income		11,847	(1,961)	-	9,886
Transfer to the Federal Government of Nigeria (Note 29a)	-	(3,372)	-	-	(3,372)
As at 31 December 2018	5,000	471,451	42,215	-	518,666

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Bank	
		2019	2018	2019	2018
	Notes	N'million	N'million	N'million	N'million
Cash flows (used in)/from operating activities	31	(2,153,518)	1,175,042	(2,365,553)	1,178,195
Income tax paid	15b	(1,061)	(603)	-	-
Employee defined benefit paid	28	(15,197)	(35,922)	(15,197)	(35,922)
Net cash flows (used in)/from operating activities		(2,169,775)	1,138,517	(2,380,749)	1,142,273
Cash flows from investing activities					
Purchase of investment securities	19	(120,643)	(951,879)	(127,832)	(935,255)
Purchase of intangible assets	23	(3,233)	(4,553)	(2,856)	(4,553)
Increase in investment in subsidiary	20	-	-	-	(17,303)
Purchase of property, plant and equipment	24	(39,950)	(40,785)	(35,136)	(36,960)
Proceeds from sale of property, plant and equipment		4,522	109	3,084	104
Net cash flows used in investing activities		(159,304)	(997,107)	(162,740)	(993,967)
Cash flows from financing activities					
Surplus paid to the Federal Government of Nigeria	29a	(3,372)	(56,133)	(3,372)	(56,133)
Net cash flows used in financing activities		(3,372)	(56,133)	(3,372)	(56,133)
Net change in cash and cash equivalents		(2,332,451)	85,277	(2,546,862)	92,173
Net foreign exchange difference on cash and cash equivalents		58,489	1,635,808	58,489	1,636,859
Cash and cash equivalents at 1 January		12,804,726	11,083,642	12,784,476	11,055,444
Cash and cash equivalents at 31 December	16e	10,530,764	12,804,726	10,296,103	12,784,476

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

1. General information

The Central Bank of Nigeria ("CBN" or "the Bank") is the apex regulatory authority of the banking system in Nigeria. It was established by the Central Bank of Nigeria Act of 1958, as repealed by the Central Bank of Nigeria Act No. 7 of 2007. It commenced operation on 1 July 1959.

The consolidated and separate financial statements of the Group for the year ended 31 December 2019 comprises the Bank and its subsidiaries (together referred to as the "Group").

The Bank is wholly owned by the Federal Government of Nigeria and is a Government Business Entity (GBE). The principal objectives of the Bank are to:
- Ensure monetary and price stability;
- Issue legal tender currency in Nigeria;
- Maintain external reserves to safeguard the international value of the legal tender currency;
- Promote a sound financial system in Nigeria; and
- Act as banker and provide economic and financial advice to the Federal Government of Nigeria.

The Bank is incorporated and domiciled in Nigeria. Its head office is at Plot 33, Abubakar Tafawa Balewa Way, Central Business District, Abuja.

The Bank holds 89.52% of the share capital of Nigerian Security Printing and Minting Plc while Bureau of Public Enterprise and DE LA RUE of UK have 9.60% and 0.87% shares, respectively. The subsidiary is involved in the production of Nigerian currency notes and coins together with security documents and products for other businesses. The principal objectives of the subsidiary are:

- Production of Nigerian currency notes and coins together with security documents & products for other business.
- Manufacture and importation of printing ink and the provision of technical services.

The Bank holds 100% of the share capital in Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL). The subsidiary was set up by the CBN to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain.

The Bank holds 99.99% of the share capital in Nigerian Electricity Supply Industry Stabilization Strategy Limited (NESI). The subsidiary is involved in the promotion of long-term sustainability and efficiency of the Nigeria Electricity Supply Industry through the initiation and encouragement of programmes and the creation of mechanisms and processes fundamental to the growth and bankability of the Nigerian Electricity Supply Industry.

The consolidated and separate financial statements of Central Bank of Nigeria and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were approved and authorised for issue by the Board of Directors on 5 March 2020.

The consolidated and separate financial statements cover the financial year from 1 January 2019 to 31 December 2019, with comparative for the year ended 31 December 2018.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with accounting policies derived from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practice in the revised guideline issued February 2018 and revised December 2019 by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No.6 of 2011. The provisions of the Guideline issued by FRC are set out in Notes 2.1.1 in the financial statements.

2.1 Basis of preparation - continued

The Guideline does not apply to the subsidiaries or associates and was applied by the Bank in the financial year beginning 1 January 2019.

The consolidated and separate financial statements have been prepared on a historical cost basis, except for debt and equity instruments at fair value through other comprehensive income, gold and financial assets that have been measured at fair value through profit or loss and net defined benefit liabilities using the projected unit method. The consolidated and separate financial statements are presented in naira and all values are rounded to the nearest million (N'm), except when otherwise indicated.

The preparation of the consolidated and separate financial statements in conformity with policies derived from IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying these policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 2.35.

2.1.1 Recommended practices as approved by the Financial Reporting Council of Nigeria in its Guideline

The effects of any accounting policy changes arising from adoption of any recommendations in the Guideline is applied prospectively.

Intervention loans

Intervention loans and receivables are measured at amortized cost using the effective interest method (EIM). In exceptional cases, as part of its central banking functions, the Bank may act as a lender of last resort by granting Intervention loans. This function is unique to the Bank and as such, the Bank remains the only market for this kind of loans. The Bank has adopted its contractual rate as the Effective Interest Rate (EIR) for measuring its intervention loans.

Foreign exchange derivatives

Forward purchases and sales are recognized on the statement of financial position at the respective settlement/maturity date. Forward contracts are not marked to market. Forward purchases and sales are recognized off-balance sheet and not recognised in the financial statements between the trade date and settlement date.

Swap transactions are recognized on the statement of financial position on the settlement/maturity dates. The Bank recognizes the settled future transactions on its statement of financial position. Swap and futures contracts are not recognized by the Bank in its financial statements between the trade date and settlement date.

Existence and details of derivative and similar transactions recorded off-balance sheet are disclosed in the notes to the financial statements at the year- end rates.

Impairment of financial assets

Financial assets that have low credit risk were assessed for 12-months expected credit losses (ECL) and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of CBN's role, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero.

Gold

In order for the Group to match the possible effects of any provision for gold risk, CBN may (re)measure monetary gold at fair value through profit or loss with any gain resulting from such measurement excluded from distributable reserves.

2.2 Changes in accounting policy and disclosures

New and amended standards and interpretations

The Group applied IFRS 16 Leases, effective for annual periods beginning on or after 1 January 2019, for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described in Note 2.2.1 below.The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements. They include;

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19 - Plan Amendment, curtailment or settlement
- Amendment to IAS 28 - Long term interests in associate and joint venture
- Annual Improvements to IFRS Standards 2015 - 2017 cycle - Amendments to IFRS 3 Business Combinations, IFRS 11 Joint arrangements, IAS 12 Income taxes and IAS 23 Borrowing costs.

The nature and the effect of these changes are disclosed in Note 2.2.1:

2.2 Changes in accounting policy and disclosures - continued

2.2.1 IFRS 16 Leases

The Group applied IFRS 16 using the modified retrospective approach method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained below;

On transition to IFRS 16, the Group elected to apply the practical expedient not to reassess whether a contract is, or contains a lease. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

As a lessee

As a lessee, the Group leases some branches and other premises. The Group previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for leases of branch and other premises – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of the lease component and the aggregate stand-alone price of the non-lease components. However, for leases of branches and other premises, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Right-of-use assets are measured at their carrying amount as determined on the date of initial application. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019 (see table below).

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

– relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
– did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

– did not recognise right-of-use assets and liabilities for leases of low-value assets (i.e. IT equipment);

– excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and

– used hindsight when determining the lease term where the contract contained options to extend or terminate the lease.

As a lessor

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Bank is the lessor.

Impact on Financial statements

Based on the above, as at 1 January 2019;

-Right-of-use assets of N820 million were recognised and presented in the statement of financial position within "Property, equipment and right-of-use assets".

- Additional lease liabilities of N583 million (included in "Other liabilities") were recognised
- The adoption of IFRS 16 has no impact on the Group's retained earnings.

(All amounts are in millions of Naira, unless otherwise stated)

2.2.1 IFRS 16 Leases - continued

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group N'million	Bank N'million
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements	172	172
Weighted average incremental borrowing rate at 1 January 2019	13.28%	13.28%
Discounted operating lease commitments as at 1 January 2019	152	152
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	431	431
Lease liabilities recognised at 1 January 2019	**583**	**583**

2.2.2 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether a Group considers uncertain tax treatments separately
- The assumptions a Group makes about the examination of tax treatments by taxation authorities
- How a Group determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How a Group considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments.

The Interpretation did not have an impact on the consolidated and separate financial statements of the Group.

2.2.3 Gold

Gold reserves were previously held for long-term purposes and were carried at the lower of cost or net realisable value. On 31 December 2019, in line with the FRCN guidelines, the Group elected to change the method of accounting for Gold to fair value through profit or loss to better match the possible effects of any provision for gold price risk. This policy has been applied prospectively by the Bank in line with the FRC guidelines (see note 16g for the movement analysis).

2.2.4 Revaluation of Land and Buildings (property, plant and equipment)

The Group re-assessed its accounting for property, plant and equipment with respect to a certain class of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition, of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 31 December 2019, the Group elected to change the method of accounting for land and buildings classified as property, plant and equipment, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements as it is more aligned to practices adopted by its management. In addition, available valuation techniques provide reliable estimates of the land and building's fair value. In accordance with IAS 8.17, the initial application of a policy to revalue assets is a change in accounting policy to be dealt with as a revaluation in accordance with IAS 16 rather than in accordance with IAS 8. The Group therefore applied the revaluation model prospectively.

After initial recognition, land and buildings are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed every 2years with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value (see note 24 for workings).

2.2.5 Intervention activities

The Group had previously expensed all payments relating to intervention activities. During the year, the Group elected to change the method of accounting for payments made in respect of intervention activities. All payments made in relation to intervention activities embarked on by the Group are expensed as incurred. However, payments made by the Group in relation to intervention activities on behalf of the Federal Government are recognised as receivables and are fully impaired after 12 months if the amount is not received from the Federal Government.

2.3 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
· Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
· Exposure, or rights, to variable returns from its involvement with the investee, and
· The ability to use its power over the investee to affect its returns
When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

· The contractual arrangement with the other vote holders of the investee
· Rights arising from other contractual arrangements
· The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring it's accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
· Derecognises the assets (including goodwill) and liabilities of the subsidiary
· Derecognises the carrying amount of any non-controlling interests
· Derecognises the cumulative translation differences recorded in equity
· Recognises the fair value of the consideration received
· Recognises the fair value of any investment retained
· Recognises any surplus or deficit in profit or loss
· Reclassifies the parent's share of components previously recognised in OCI to income statement or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition

2.3.1 *Presentation of financial statements*

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non–current) are presented in the respective notes for assets and liabilities.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Investment in subsidiaries are carried at cost less impairment in the Bank's separate financial statements.

2.4 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

2.4 Investment in associates - continued

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost which includes transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate . Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the impairment loss in its share of profit or loss from an associate in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in income statement.

2.5 Recognition of income and expenses

(a) The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all debt instruments measured at amortised cost and interest bearing financial assets measured at fair value through other comprehensive income (FVOCI) under IFRS 9.

Interest bearing financial assets measured at FVOCI under IFRS 9 are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR for all financial instruments other than those measured at FVTPL. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instruments. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised due to credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the income statement.

(b) Interest and similar income and expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

In its Interest income/expense calculated using the effective interest method, the Group only includes interest on those financial instruments that are set out in Note 2.5a above.

Other interest income/expense includes interest on all financial assets/liabilities measured at FVTPL, using the contractual interest rate. Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in Net trading income. The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

2.5 Recognition of income and expenses - continued

(b) Interest and similar income and expense - continued

Dividend received or receivable from associates are recognised as a reduction in the carrying value of the investment value. Where a group's share of losses in an associate equals or exceeds its interest in the entity, in doing any other unsecured loans from receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3' (as set out in Note 2.11), the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial assets cures (as outlined in Note 3.2.4) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

(c) Fees and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate (see 2.5a above). Other fees and commission income, including foreign exchange earnings, Bureau de Change registration and commissions are recognised as the related services are performed.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

(d) Dividend income

This is recognised when the Group's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

(e) Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognised in the income statement and it is further broken down into realised and unrealised portion.

The monetary assets and liabilities include financial assets within the external reserves, foreign currencies deposits received and held on behalf of third parties, etc (see note 16 & 25).

(f) Agency income

Agency commission is recognised when such income is earned by the Group. Agency income is recognised within 'other operating income' in the income statement.

(g) Intervention activities

Intervention activities are those activities carried out by the Group in connection with national security, federal government, state securities, armed forces where there is important need for the fund. All payments made in relation to intervention activities embarked on by the Group are expensed as incurred. However, payments made by the Group in relation to intervention activities on behalf of the Federal Government are recognised as receivables and are fully impaired after 12 months if the amount is not received from the Federal Government.

(h) Other operating expenses

All other operating expenses are recognised at cost when incurred.

2.6 Taxes

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

. Group income tax is computed on taxable profits
. Tertiary education tax is computed on assessable profits

2.6 Taxes - continued

Current Income tax - continued

. National Information Technology Development Agency levy is computed on profit before tax
. Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Group during the year)

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement . Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Bank is not subject to tax in respect of its functions under the Central Bank of Nigeria Act 2007. The Bank is exempted from the payment of tax under the Companies Income Tax Act ,Cap C21, LFN 2004 (as amended).

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
·When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
· In respect of taxable temporary differences associated with investments in subsidiary and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

·When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

·In respect of deductible temporary differences associated with investments in subsidiary and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
Deferred tax assets and deferred tax liabilities are derived from the Group's subsidiaries.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:
- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements of the Group are presented in Nigerian Naira, which is the functional currency of the Group.

On consolidation, the assets and liabilities of investees with different functional currency are translated into Naira at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in the statement of other comprehensive income (OCI) and accumulated in the foreign currency exchange reserve. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit or loss.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non–monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or income statement are also recognised in other comprehensive income or income statement, respectively).

2.8 Financial instruments – initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.8.1 Date of recognition

Financial assets and liabilities, except for loans and advances to customers, deposits, IMF related liabilities and other liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customer are recognised when funds are transferred to the customers' accounts. The Group recognises deposits, IMF related liabilities and other liabilities when funds are transferred to the Group.

2.8.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.8.5.2 and 2.8.5.3. Financial instruments are initially measured at their fair value (as defined in Note 2.24), and, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of the financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described in note 2.8.3.

2.8.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2.8.4 Measurement categories of financial assets and liabilities

The Group classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in Note 2.8.5.1
- Fair value through other comprehensive income (FVOCI), as explained in Note 2.8.8 and 2.8.9
- Fair value through profit or loss (FVTPL) in Note 2.8.12

The Group classifies and measures its trading portfolio at FVTPL as explained in Notes 2.8.6 and 2.8.7. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL and derivative instruments or the fair value designation is applied, as explained in Note 2.8.7.

2.8.5 Financial assets and liabilities

2.8.5.1 Loans and receivables and Financial investments at amortised cost

The Group only measures Loans and receivables and other financial investments at amortised cost if both of the following conditions are met:

•The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

•The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

2.8.5.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

•How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
•The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
•How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
•The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.8.5.3 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, prepayment and extension terms.

2.8.5.3 The SPPI test - continued

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

2.8.6 Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

• Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
• It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
• It is settled at a future date.

The Group enters into derivative transactions with various counterparties. These include forward, futures and swaps forex derivatives.

The Bank has applied the revised accounting guidelines issued by the Financial Reporting Council of Nigeria (par.12) and had disclosed as part of contingent liabilities/assets the sales and purchases of forward, futures and swaps forex derivatives in pursuance of monetary policy implementation, price stability and or management of the Naira exchange rate. The forwards and swaps are not market to market. Forward purchases and sales are recognized off-balance sheet and not recognised in the financial statements between the trade date and settlement date. Thus, the gains or losses on derivatives are recognised in the income statement at settlement date.

Derivatives recognised in other foreign securities are measured at fair value through profit or loss.

2.8.7 Financial assets or financial liabilities held for trading

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Net fair value gains or losses on financial instruments are recognised in other operating income. Interest and dividend income or expense is recorded in other operating income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities that have been acquired principally for the purpose of selling or repurchasing in the near term. The externally managed investment falls within this category as it has been classified as held for trading. However, this is presented as part of external reserves in the statement of financial position.

2.8.8 Debt Instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:
•The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
•The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 2.8.5.1. The ECL calculation for Debt Instruments at FVOCI is explained in Note 2.13. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.8.9 Equity Instruments at FVOCI

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2.8.10 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

2.8.11 Financial guarantees, and undrawn loan commitments

The Group issues financial guarantees and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL provision is recognised as set out in Note 32c.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 32c.

2.8.12 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis or;

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or;

- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate, as explained in Note 2.5.b. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

2.9 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets after their initial recognition except where there is a change in the Group's business model, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2019 (2018: Nil).

2.10 Derecognition of financial assets and liabilities

2.10.1 Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit Impaired (POCI).

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:
•Change in currency of the loan
• Introduction of an equity feature
•Change in counterparty
• If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

2.10.2 Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group transfers a financial asset if, and only if, either:
•The Group has transferred its contractual rights to receive cash flows from the financial asset
Or
•It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
•The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
•The Group cannot sell or pledge the original asset other than as security to the eventual recipients
•The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
•The Group has transferred substantially all the risks and rewards of the asset
Or
•The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

2.10.2 Derecognition other than for substantial modification - continued

Financial assets - continued

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.10.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.10.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.11 Impairment of financial assets

Overview of the ECL principles

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitment and financial guarantee contract, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 2.12. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 3.2.4.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 3.2.4.6.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
This is further explained in Note 3.2.4.5.

Based on the above process, the Group groups its loans and financial investment into Stage 1, Stage 2 and Stage 3, as described below:

•Stage 1: When loans or financial investment are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans or financial investment also include facilities where the credit risk has improved and the loans or financial investment has been reclassified from Stage 2.

•Stage 2: When a loan or financial investment has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans or financial investment also include facilities, where the credit risk has improved and the loans or financial investment has been reclassified from Stage 3.

2.11 Impairment of financial assets - continued

Overview of the ECL principles - continued

•Stage 3: Loans or financial investment considered credit-impaired (as outlined in Note 3.2.4.1).The Group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.12 The calculation of ECLs

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

•PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.2.4.1.

•EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments. The EAD is further explained in Note 3.2.4.3.

•LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.2.4.4.

When estimating the ECLs, the Group considers three scenarios (a base case, an upturn and downturn). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 3.2.4.7. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans or financial investment are expected to be recovered, including the probability that the loans or financial investment will cure and the amount that might be received from selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 32c.

The mechanics of the ECL method are summarized below:

•Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the original EIR. This calculation is made for each of the three scenarios, as explained above.

•Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by the original EIR.

•Stage 3: For loans considered credit-impaired (as defined in Note 3.2.4.1), the Group recognises the lifetime expected credit losses for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. The ECL for loan commitments is recognised within other liabilities.

2.12 The calculation of ECLs - continued

Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within other liabilities.

2.13 Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

2.14 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:
•GDP growth
•Unemployment rates
•Inflation rates
•Crude oil prices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 3.2.4.7.

2.15 Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Group's various credit enhancements are disclosed in Note 3.2.4.8.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

2.16 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.17 Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department.

Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms.

2.17 Forborne and modified loans - continued

It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 3.2.4.5.The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:
•All of its facilities has to be considered performing
•Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
•The customer does not have any contract that is more than 30 days past due

If modifications are substantial, the loan is derecognised and a new loan is recognised, as explained in Note 2.10.1.

2.18 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise, deposit held at call with banks, other short term highly liquid investment, bank overdraft, cash portion of investments in foreign securities, bank balances with foreign banks, sundry currencies balances and time deposits which are readily convertible into cash with a maturity of three months or less.

2.19 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

i Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease, credit risk of the lessee and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

2.19 Leases - continued

I Group acting as a lessee - continued

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under
a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment and right-of-use' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

II *Group acting as a lessor*

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

– fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
– the arrangement had conveyed a right to use the asset.

As a lessee

The Group did not have any finance leases under IAS 17.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

2.19 Leases - continued

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

2.20 Property, equipment and right-of-use assets

Plant and equipment, furnitures and fittings, computer equipment, laboratory equipment, and motor vehicles are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised on the date of revaluation. Valuations are performed every 2years with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note 2.19. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property and equipment for the current and comparative periods are as follows:

Asset category	**Useful life (years)**
Land and buildings:	
- Central air conditioners	25
- Lifts	25
- Buildings	50
Motor vehicles:	
- Buses	8
- Cars	5
- Lorries	10
Plant and equipment:	
- Air conditioners, generators and water pumps	7
- Currency processing machines	7
Plant and machinery	5
Furnitures and fittings	5
Computer equipment	3
Laboratory equipment	5
Right-of-use assets	
- Buildings	2 - 5
- Other premises	2-10

The Group commences depreciation when the asset is available for use. Land is not depreciated.

2.20 Property, equipment and right-of-use assets - continued

Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.21 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement in amortisation of intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.
Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in income statement. During the period of development, the asset is tested for impairment annually.

The annual amortisation rate generally in use for the current and comparative year is as follows:

• Computer software	25-33 ⅓

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

2.22 Impairment of non–financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(All amounts are in millions of Naira, unless otherwise stated)

2.22 Impairment of non–financial assets - continued

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.23 External reserves

The Group maintains a reserve of external assets consisting of Gold, Convertible currencies, Other foreign securities and International Monetary Fund (IMF) reserve tranche.

Gold

Gold reserves are included in the Statement of financial position at the prevailing closing spot market price as at reporting date. Changes in the fair value of gold reserves arising from price changes as well as related forex gains and losses are recognized in profit or loss.

Convertible currencies

These are time deposits and balances with foreign banks and other foreign securities where the currency is freely convertible and in such currency, notes, coins and money at call.

Other foreign securities

These are securities of any country outside Nigeria whose currency is freely convertible and the securities shall mature in a period not exceeding five years from the date of acquisition.

These securities are further analysed into internally managed fund and externally managed fund. Internally managed fund is classified as amortised cost due to the intention and ability of the Group to hold them to maturity while the externally managed fund is classified as fair value through profit or loss. The externally managed fund also includes derivative instruments. (Refer to policy on financial instruments in Note 2.8 on how it is being measured).

All external reserve balances at year end are converted into Naira in accordance with the policy in Note 2.7.

2.24 Fair value measurement

The Group measures financial instruments, such as investment in financial instruments classified as FVOCI and investments in financial instruments classified as FVTPL at each reporting date. Fair value related disclosures for financial instruments and non-financial instruments that are measured at fair value or where fair values are disclosed are, summarised in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions	Notes 3.5 and 2.35
• Quantitative disclosures of fair value measurement hierarchy	Note 3.5
• Property, plant and equipment under revaluation model	Note 24
• Financial instruments (including those carried at amortised cost)	Note 3.5

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

2.24 Fair value measurement - continued

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.25 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money. The other assets in the consolidated and separate financial statements include the following:

(a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise, and derecognised when payment is received. It is subject to ECL impairment assessment.

2.26 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and other long term employment benefits.

Pensions and other long term employment benefits

(a) Defined contribution pension plan

The group operates a defined contribution pension plan in accordance with the Pension Reform Act. Under the plan, the employee contributes 7.5% of basic salary, housing and transport allowances and CBN contributes 15% on the same basis. Pension remittances are made to various PFAs on behalf of the Bank's staff on a monthly basis. CBN has no further payment obligations once the contributions have been paid. Contribution payable is recorded as an expense under 'personnel expenses'. Unpaid contributions are recorded as a liability.

(b) Defined benefit schemes

The Group also operates defined benefit plans which include pension scheme (for pensioners who resigned before 30 June 2011 and those who had not reached pensionable age), gratuity scheme and post-retirement medical benefits. The defined benefit pension scheme is funded which requires contributions to be made to a separately administered fund.

The Group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The liability recognised in the statement of financial position in respect of the defined benefit scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

2.26 Employee benefits - continued

(b) Defined benefit schemes - continued

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other comprehensive income in the period in which they occur. Re-measurements are not reclassified to income statement in subsequent periods.

Past service costs are recognised in income statement on the earlier of:
• The date of the plan amendment or curtailment, and
• The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset at the beginning of the year. The Group recognises the following changes in the net defined benefit obligation under 'personnel cost' in income statement:
• Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
• Net interest expense or income

(c) Other long term employment benefits

These are all employee benefits other than post employment benefits and termination benefits which includes long service awards.

The amount recognised as the liability is the net total at the end of the reporting period of the present value of the defined benefit obligation and fair value of planned assets. The net total of the service cost and net interest are recognised in the income statement. The remeasurement of the defined benefit liability are recognised in the statement of comprehencive income.

2.27 Provisions

(a) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

(b) Leave pay accrual

Leave pay accrual at the reporting date represents the present obligation to employees as a result of employees' services provided up to the reporting date. The accrual is measured as the amount that is expected to be paid as a result of the leave entitlement that has accumulated at the reporting date.

2.28 International Monetary Fund (IMF) Related Transactions

The Bank, on behalf of the Federal Government of Nigeria, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). Exchange gains and losses arising from translation of SDRs at period ends are treated in accordance with note 2.7 above.

The Bank presents the holdings and allocations of the IMF SDR as an asset and liability respectively on the statement of financial position. These have been accounted for as financial instruments in accordance with IFRS 9. The holdings of the IMF SDR are classified as financial asset measured at amortised cost while the allocations of SDR are classified as financial liabilities at amortised cost.

(a) Holdings of Special Drawing Rights (SDRs)

The value of holdings from the IMF changes on the basis of foreign exchange transactions between the member countries. In addition, its value is affected by interests earned and paid as well as remuneration on the Bank claims in the IMF. SDR are presented at their nominal value plus interest accruing on SDR holdings and remuneration receivable, minus assessment fees and charges.

2.28 International Monetary Fund (IMF) Related Transactions - continued

(b) Allocations of Special Drawing Rights (SDRs)

The allocation of SDRs takes the form of a counter account to IMF claims which are recorded based on their nominal value and presented in the statement of financial position as a liability.

(c) IMF related liabilities

IMF related liabilities represent other payables owed by the Bank to the General Resources Account of IMF. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(d) Quota in IMF

The quota in International Monetary Fund (IMF) is the reserve tranche held with the IMF by member states. The quota is treated as non-interest bearing instrument with no stated maturity. These are recognised initially at fair value and subsequently measured at amortised cost.

2.29 Bank notes and coins in circulation

Notes and coins issued are measured at cost as this liability does not have a fixed maturity date. the Bank notes and coins in circulation represent the nominal value of all bank notes held by the public and banks, including recalled, still exchangeable bank notes from previous series.

2.30 Currency issue expense

Currency issue expenses relates to expenses incurred in relation to the printing, processing, distribution and disposal of currency notes. This is recognised at cost when incurred.

2.31 Statutory transfer to the Federal Government of Nigeria

In accordance with Section 22(1) and (2) of the Fiscal Responsibility Act (FRA) 2007, the Group makes an annual statutory transfer representing eighty percent of the operating surplus of the Bank for the year to the Federal Government of Nigeria not later than one (1) month following the deadline for the publication of the financial statements of the Group. The operating surplus of the Bank is the remaining sum from its income and other receipts after meeting all expenditures as approved by the Board of Directors. The transfer is presented in the statement of changes in equity of the Bank.

2.32 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

2.33 Central Bank of Nigeria Instruments

CBN instruments comprise Open Market Operation Bills and Promissory notes.

Open Market Operations Bills represent short term debt instruments of the Group issued to commercial banks as a liquidity management tool. They are recognised at amortised cost.

CBN Promissory Notes represent short to medium term debt instruments issued by the Group to commercial banks assuming net liabilities under the Purchase and Assumption distress resolution programme for banks which could not meet the minimum capital requirement for licensed banks. Promissory Notes are recognised at the amortised cost.

Interests expense on these instruments are recognised in the income statements using the effective interest rate method.

2.34 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required.

This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. IFRS 3 is effective for reporting periods beginning on or after 1 January 2020.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8 - Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The changes are effective for reporting periods beginning on or after 1 January 2020.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed. The changes are effective for annual periods beginning on or after 1 January 2020.

The amendments to the interest rate benchmark reform is not expected to have a significant impact on the Group's consolidated financial statements.

The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The changes to the conceptual framework is not expected to have an impact on the Group's consolidated financial statements

(All amounts are in millions of Naira, unless otherwise stated)

2.34 Standards issued but not yet effective - continued

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

•What is meant by a right to defer settlement
•That a right to defer must exist at the end of the reporting period
•That classification is unaffected by the likelihood that an entity will exercise its deferral right
•That only if an embedded derivative in a convertible liabilityis itself an equity instrument would the terms of a liability not impact its classification

The changes are effective for annual periods beginning on or after 1 January 2022.

The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

2.35 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated and separate financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

• Capital management	Note 4
• Financial risk management and policies	Note 3
• Sensitivity analyses disclosures	Notes 3.4.3

2.35.1 *Judgements*

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Financial assets and liabilities classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

Details of the Group's classification of financial assets and liabilities are given under the accounting policies in relating to financial instruments.

Investment in subsidiaries and associates classification

The Group has a number of equity investments. It assessed the extent to which it has control or significant influence over those investees. The process of determining the existence of control or significant influence over the investees is an area that required the exercise of judgement. Some of the investees were set up by specific legislation, hence required judgement to be exercised in determining whether the Group had control or significant influence over the investee entities.

The Group determined that its investments in Federal Mortgage Bank of Nigeria (FMBN), Asset Management Corporation of Nigeria (AMCON), Nigeria Deposit Insurance Corporation (NDIC) and African Export-Import (Afrexim) Bank are ordinary investments of the Group although the Group owns 30%, 50% , 60% and 5.81% respectively in the investees'. The Group cannot exert control or significant influence on the relevant activities as it has no power to appoint the board members. Refer to Note 20a.

The Group's investment in AMCON of 50% is held on behalf of the Federal Government of Nigeria in capacity as Banker to Federal Government of Nigeria. The Group also determined that its investments in Nigeria Interbank Settlement System (NIBSS),FMDQ-OTC Plc, National Economic Reconstruction Fund (NERFUND), Bank of Industry (BOI), Bank of Agriculture (BOA) and Nigeria Commodity Exchange (NCX) are associates of the Group, although the Group owns a 3.6%, 15.6%, 4%, 5.19%,14%, 59.7% and 40% respectively in the investees.The Group has significant influence over NIBSS,FMDQ-OTC, NERFUND, BOI, BOA ,NCX and Nirsal Microfinance Bank through its representation on the board of directors.

2.35 Significant accounting judgments, estimates and assumptions - continued

2.35.1 *Judgements - continued*

Determination of the lease term for lease contracts with renewal and termination options (Group as the lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

Determination of the lease term for lease contracts with renewal and termination options (Group as the lessee) - continued

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

2.35.2 *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques such as the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The financial instruments that fall under this categorya are equity instrument with significant unobservable inputs. See Note 3.5 for further disclosures.

Impairment losses on financial assets

Financial assets other than trade receivables

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

•The Bank's internal credit grading model, which assigns PDs to the individual grades
•The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
•The segmentation of financial assets when their ECL is assessed on a collective basis
•Development of ECL models, including the various formulas and the choice of inputs
•Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
•Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

2.35 Significant accounting judgments, estimates and assumptions - continued

2.35.2 *Estimates and assumptions - continued*

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and is disclosed in Note 18.

Defined benefit plans
The cost of the defined benefit pension plan, long service awards, gratuity scheme and post-employment medical benefits and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management assumption with reference to the yields on Nigerian Government bonds, as compiled by the Debt Management Office were used since there is no deep market in corporate bonds in Nigeria. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on pre-retirement mortality: A49/52 ultimate tables and post-retirement mortality: A55 ultimate tables. Future salary increases is based on expected future inflation rates.

Further details about defined benefit obligations are given in Note 28.

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

2.35 Significant accounting judgments, estimates and assumptions - continued

2.35.2 *Estimates and assumptions - continued*

Taxes - continued

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

The development costs that were capitalised by the Group relates to those arising from the development of computer software.

Revaluation of property, plant and equipment

The Group measures the land and buildings at revalued amounts, with changes in fair value being recognised in OCI. The land and buildings were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2019 for the land and buildings.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 24.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

Recognition and measurement of contingencies (litigations): Key assumptions about the likelihood and magnitude of an outflow of resources

The Group is involved in various litigations and arbitration both in Nigeria and in other jurisdictions, arising in the ordinary course of operations.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

(All amounts are in millions of Naira, unless otherwise stated)

2.36 Transition disclosures

Group as lessee

The Group leases a number of branches and car parks. The leases typically run for a period of 1-3 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

Previously, these leases were classified as operating leases under IAS 17.

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	Group N'million	Bank N'million
Assets		
Right-of-use assets	820	820
Prepayments	(237)	(237)
Total assets	583	583
Liabilities		
Lease liabilities	583	583
Total liabilities	583	583

Information about leases for which the Group is a lessee is presented below.

i ***Right-of-use assets***

Right-of-use assets relate to leased branches and other premises that are presented within property and equipment (see Note 24).

	Branch and Office premises 2019	
Right-of-use	Group N'million	Bank N'million
Balance as at 1 January	820	820
Depreciation charge for the year (Note 24)	(254)	(239)
Additions	857	809
Balance as at 31 December	1,422	1,390

See note 3.3.2 for maturity analysis of lease liabilities as at 31 December 2019.

At 31 December 2018, the future minimum lease payments under non-cancellable operating leases were payable as follows;

	2018	
Maturity analysis - Contractual undiscounted cash flows	Group N'million	Bank N'million
Less than a year	-	-
Between one and five years	56	56
More than five years	1,861	1,861
Total undiscounted lease liabilities at 31 December	1,917	1,917

ii ***Amounts recognised in profit or loss***

	2019	
2019 – Leases under IFRS 16	Group N'million	Bank N'million
Interest on lease liabilities (Note 6)	138	138
Depreciation charge (Note 24)	254	239

	2018	
2018 – Operating leases under IAS 17	Group N'million	Bank N'million
Lease expense	172	172

iii ***Amounts recognised in statement of cash flows***

	2019	
	Group N'million	Bank N'million
Total cash outflow for leases	251	203

iv ***Extension Options***

Some leases of office premises contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

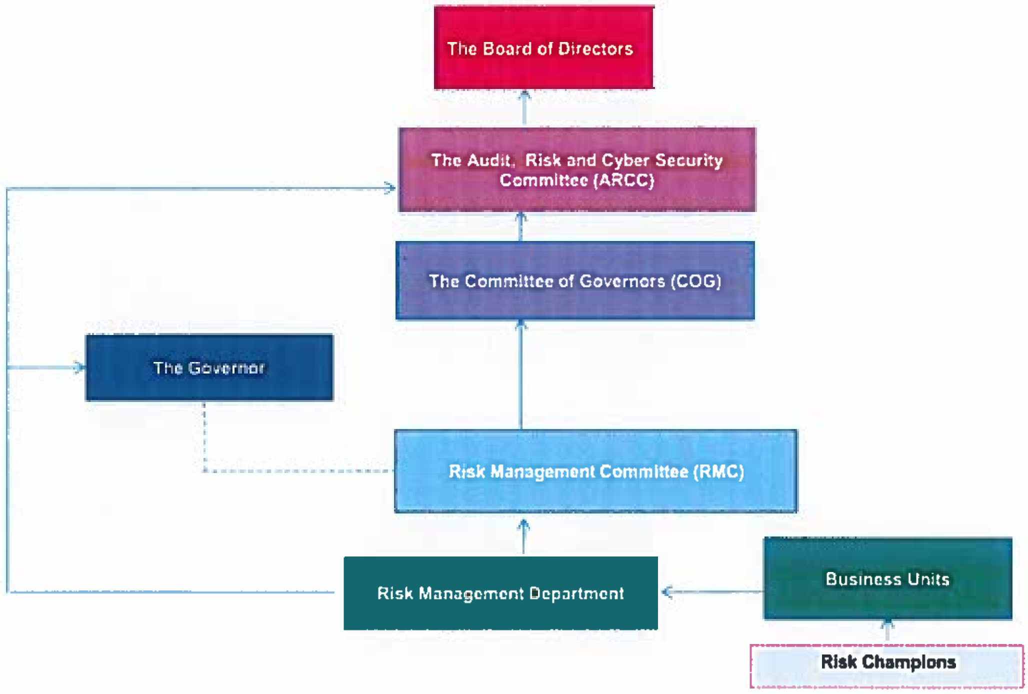
3. Financial risk management and financial instruments classification

Introduction
The Central Bank of Nigeria (The 'Bank'), in carrying out activities related to its mandate, is exposed to a broad range of risks including reputational, policy, operational, payments system, credit, liquidity and market risks. The Bank is therefore committed to managing its risks to enable it achieve its mandate and strategic objectives.

Enterprise Risk Management Framework and Risk Policies
The Bank has in place an Enterprise Risk Management (ERM) framework which describes its approaches and practices for identifying, assessing and managing risks in line with the Bank's risk appetite. In addition, the Bank also developed and adopted risk policies to address the major risks it faces.

Risk governance structure

The Bank's risk governance structure outlines the roles, authorities and responsibilities in relation to managing its risks. The Board is responsible for the overall risk management in the Bank. It maintains oversight over risk management through its Board Audit and Risk Management Committee (BARMC) and the Investment Committee. Oversight of day to day management of risk in the Bank is delegated to the Committee of Governors (COG).
The relationship of the risk management committees and functions involved in the management of risk across the Bank is captured in the diagram below:



3. Financial risk management and financial instruments classification (continued)

The ERM governance structure defines the ownership, accountability and responsibilities for each component of the Bank's risk management approach. Below are the key roles and responsibilities as defined in the ERM framework:

The Board

a. Approves the risk strategy for the Bank based on recommendations of the ARCC
b. Sets the Bank's risk appetite i.e. risk parameters and tolerances within which the Bank conducts its activities, and approves risk systems for management and monitoring of the Bank's risks profile.
c. Determines and periodically reviews risk policies and processes to ensure that they are appropriate for the achievement of the Bank's mandate and strategic objectives.
d. Monitors the enterprise risk profile, risk exposures, risk management initiatives, reviews risk reports and institutes appropriate risk reward systems in line with the Bank's risk appetite.

The Audit, Risk and Cyber-Security Committee (ARCC)

a. Reviews and recommends the risk strategy, appetite and reports to the Board for approval on an annual basis or as may be required.
b. Assists the Board in fulfilling its oversight responsibilities with respect to risk management and ensures that roles and responsibilities for risk management are clearly defined.
c. Monitors enterprise risk profile, risk exposures, and risk management initiatives and recommends to the Board risk systems and solutions to facilitate the management and monitoring of risks bank-wide.

Committee of Governors (COG)

a. Ensures that sufficient resources are deployed for the management of risk across the Bank.
b. Considers risk reports and approves remedial actions, or recommends risk treatment options to the Board as appropriate supervises the implementation of risk treatment plans.
c. Monitors the risk profile to ensure that it is within the Bank's risk appetite.

Risk Management Committee (RMC)

a. Recommends risk strategy, appetite and limits for BARC consideration.
b. Promotes and ensures the implementation of Risk management strategies, initiatives and policies.
c. Reviews risk assessments and key risk indicators of the business units and makes appropriate recommendations.

Risk Management Department (RMD)

a. Coordinates the implementation of risk management strategies, initiatives and policies.
b. Monitors risk limits and makes recommendations as appropriate.
c. Facilitates risk assessments and makes recommendations as appropriate.
d. Manages the Enterprise Risk Register.
e. Facilitates risk data gathering, verification, aggregation and reporting.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category

Financial assets are classified between four measurement categories: debt instruments at amortised cost, debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition, equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition and financial assets at FVPL.

Financial liabilities are classified between two measurement categories: held at fair value through profit or loss (comprising trading and designated) and other liabilities at amortised cost.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance, except for instruments that the Bank has designated to hold at fair value through profit or loss The latter are combined on the face of the statement of financial position and disclosed as financial assets or liabilities held at fair value through profit or loss.

The Group's classification of its principal financial assets and liabilities is summarised in the table below.

Group

Financial assets 31 December 2019	Notes	Fair value through profit or loss N'million	Equity instruments at FVOCI N'million	Debt instruments at FVOCI N'million	Debt instruments at amortised cost N'million	Total N'million
External reserves:						
Current accounts with foreign banks	16a	-	-	-	444,953	444,953
Time deposits and money placements	16a	-	-	-	6,611,914	6,611,914
Domiciliary accounts	16a	-	-	-	2,335,810	2,335,810
Sundry currencies and travellers' cheques	16a	-	-	-	219,303	219,303
Short term deposits	16d	-	-	-	18,653	18,653
Debt securities:						
- FVTPL	16d	2,752,955	-	-	-	2,752,955
- Amortised cost	16d	-	-	-	1,262,891	1,262,891
International Monetary Fund Reserve tranche	16	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	16d	271,207	-	-	-	271,207
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	17a	-	-	-	747,143	747,143
Quota in IMF	17b	-	-	-	1,016,290	1,016,290
Loans and receivables						
Loans and receivables	18	-	-	-	17,409,052	17,409,052
Nigerian Treasury Bonds	18	-	-	-	31,036	31,036
Other assets	22	167,129	-	-	188,422	355,551
Equity instruments	19	-	166,656	-	-	166,656
Cash and bank balances in subsidiary	16e	-	-	-	234,661	234,661
Local debt instruments						
- Investment in AMCON Bonds	19	-	-	-	915,502	915,502
- Nigerian Treasury Bills	19	-	-	44,074	390,017	434,091
- FGN Bonds	19	-	-	349	1,775,576	1,775,925
- Corporate Bonds	19	-	-	-	10,605	10,605
- Investment in FARMSMART	19	-	-	-	425	425
		3,191,291	166,656	44,423	33,612,278	37,014,647

(All amounts are in millions of Naira, unless otherwise stated)

Financial liabilities	**Notes**	**Liabilities at amortised cost**	**Liabilities at fair value through profit or loss**	**Total**
31 December 2019		**N'million**	**N'million**	**N'million**
Deposits:				
Government deposits	25	6,398,752	-	6,398,752
Other accounts	25a	777,052	-	777,052
Financial institutions- Current and settlement accounts	25	864,375	-	864,375
Financial institutions - Banks' and special intervention reserve accounts	25	5,442,930	-	5,442,930
IMF related liabilities:				
IMF related liabilities	17c	967,851	-	967,851
IMF allocation of Special Drawing Rights	17d	835,174	-	835,174
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	26	14,620,713	-	14,620,713
Bank notes and coins in circulation	27	2,442,031	-	2,442,031
Derivatives				
- Derivatives in external reserves	16d	-	445	445
Other liabilities:				
Accrued charges	29	65,606	-	65,606
Surplus payable to Federal Government of Nigeria	29	2,673	-	2,673
Treasury related payables	29	663,700	-	663,700
Due to Bank of Industry (BOI)	29	170,819	-	170,819
Foreign currency forward contract payables	29	1,010,030	-	1,010,030
Sundry payables	29	405,353	-	405,353
IBRD - SME loan	29	51	-	51
Securities lending	29	2,204,995	-	2,204,995
Rural Finance (RUFIN) Fund	29	294	-	294
Banking sector resolution sinking cost fund	29	50,001	-	50,001
Trade payables	29	26,034	-	26,034
Due to International Development Association (IDA)	29	66,535	-	66,535
Deposit for shares	29	5,116	-	5,116
Lease liabilities	29	1,327	-	1,327
Bank borrowings and overdraft	29	-	-	-
		37,021,412	**445**	**37,021,857**

Group

Financial assets	**Notes**	**Fair value through profit or loss**	**Equity instruments at FVOCI**	**Debt instruments at FVOCI**	**Debt instruments at amortised cost**	**Total**
31 December 2018		**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
External reserves:						
Current accounts with foreign banks	16a	-	-	-	367,053	367,053
Time deposits and money placements	16a	-	-	-	8,781,465	8,781,465
Domiciliary accounts	16a	-	-	-	2,892,170	2,892,170
Sundry currencies and travellers' cheques	16a	-	-	-	92,016	92,016
Short term deposits	16d	-	-	-	12,702	12,702
Debt securities:						
- FVTPL	16d	3,263,070	-	-	-	3,263,070
- Amortised cost	16d	-	-	-	988,812	988,812
International Monetary Fund Reserve tranche	16	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	16d	-	-	-	-	-
- Derivatives arising from swaps, OTC futures and forward exchange contracts	16d	-	-	-	-	-
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	17a	-	-	-	639,070	639,070
Quota in IMF	17b	-	-	-	1,046,449	1,046,449
Loans and receivables						
Loans and receivables	18	-	-	-	13,504,487	13,504,487
Nigerian Treasury Bonds	18	-	-	-	45,020	45,020
Other assets	22	86,801	-	-	165,304	252,105
Equity instruments	19	-	43,602	-	-	43,602
Cash and bank balances in subsidiary	16e	-	-	-	18,954	18,954
Local debt instruments						
- Investment in AMCON Bonds	19	-	-	-	901,957	901,957
- Nigerian Treasury Bills	19	-	-	2,184	337,944	340,128
- FGN Bonds	19	-	-	347	1,769,055	1,769,402
- Corporate Bonds	19	-	-	-	3,697	3,697
- Investment in FARMSMART	19	-	-	-	630	630
		3,349,871	**43,602**	**2,531**	**31,566,809**	**34,962,813**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Group

Financial liabilities 31 December 2018	Notes	Liabilities at amortised cost N'million	Liabilities at fair value through profit and loss N'million	Total N'million
Deposits:				
Government deposits	25	7,893,341	-	7,893,341
Other accounts	25a	1,637,911	-	1,637,911
Financial institutions - Current and settlement accounts	25	358,263	-	358,263
Financial institutions - Banks' and special intervention reserve accounts	25	4,475,894	-	4,475,894
IMF related liabilities:				
IMF related liabilities	17c	998,012	-	998,012
IMF allocation of Special Drawing Rights	17d	714,179	-	714,179
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	26	12,795,093	-	12,795,093
Bank notes and coins in circulation	27	2,298,267	-	2,298,267
Derivatives				
- Derivatives in external reserves	16d	-	15,976	15,976
Other liabilities:				
Accrued charges	29	35,849	-	35,849
Surplus payable to Federal Government of Nigeria	29	3,672	-	3,672
Treasury related payables	29	295,852	-	295,852
Due to Bank of Industry (BOI)	29	146,767	-	146,767
Foreign currency forward contract payables	29	834,933	-	834,933
Sundry payables	29	345,078	-	345,078
IBRD - SME loan	29	51	-	51
Securities lending	29	1,621,509	-	1,621,509
Rural Finance (RUFIN) Fund	29	294	-	294
Banking sector resolution sinking cost fund	29	60,895	-	60,895
Trade payables	29	6,054	-	6,054
Due to International Development Association (IDA)	29	66,010	-	66,010
Deposit for shares	29	5,116	-	5,116
Bank borrowings and overdraft	29	10,940	-	10,940
		34,603,980	**15,976**	**34,619,956**

Bank

Financial assets 31 December 2019	Notes	Fair value through profit or loss N'million	Equity instruments at FVOCI N'million	Debt instruments at FVOCI N'million	Debt instruments at amortised cost N'million	Total N'million
External reserves:						
Current accounts with foreign banks	16a	-	-	-	444,953	444,953
Time deposits and money placements	16a	-	-	-	6,611,914	6,611,914
Domiciliary accounts	16a	-	-	-	2,335,810	2,335,810
Sundry currencies and travellers' cheques	16a	-	-	-	219,303	219,303
Short term deposits	16d	-	-	-	18,653	18,653
Debt securities:						
- FVTPL	16d	2,752,955	-	-	-	2,752,955
- Amortised cost	16d	-	-	-	1,262,891	1,262,891
International Monetary Fund Reserve tranche	16	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	16d	271,207	-	-	-	271,207
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	17a	-	-	-	747,143	747,143
Quota in IMF	17b	-	-	-	1,016,290	1,016,290
Loans and receivables	18	-	-	-	17,753,892	17,753,892
Nigerian Treasury Bonds	18	-	-	-	31,036	31,036
Other assets	22	167,129	-	-	188,166	355,295
Equity instruments	19	-	166,656	-	-	166,656
Local debt instruments						
- Investment in AMCON Bonds	19	-	-	-	915,502	915,502
- Nigerian Treasury Bills	19	-	-	44,074	388,070	432,144
- FGN Bonds	19	-	-	349	1,685,996	1,686,345
		3,191,291	**166,656**	**44,423**	**33,619,642**	**37,022,012**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Bank

Financial liabilities 31 December 2019	Notes	Liabilities at amortised cost N'million	Liabilities at fair value through profit and loss N'million	Total N'million
Deposits:				
Government deposits	25	6,482,716	-	6,482,716
Other accounts	25	777,052	-	777,052
Financial institutions- Current and settlement accounts	25	862,375	-	862,375
Financial institutions - Banks' and special intervention reserve accounts	25	5,442,930	-	5,442,930
IMF related liabilities:				
IMF related liabilities	17c	967,851	-	967,851
IMF allocation of Special Drawing Rights	17d	835,174	-	835,174
Derivatives				
- Derivatives in external reserves	16d	-	445	445
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	26	14,620,713	-	14,620,713
Bank notes and coins in circulation	27	2,442,045	-	2,442,045
Other liabilities:				
Accrued charges	29	62,218	-	62,218
Surplus payable to Federal Government of Nigeria	29	2,673	-	2,673
Treasury related payables	29	663,700	-	663,700
Due to Bank of Industry (BOI)	29	170,819	-	170,819
Foreign currency forward contract payables	29	1,010,030	-	1,010,030
Securities lending	29	2,204,995	-	2,204,995
Banking sector resolution sinking cost fund	29	50,001	-	50,001
Sundry payables	29	450,909	-	450,909
Due to International Development Association (IDA)	29	66,535	-	66,535
Lease liabilities	29	1,327	-	1,327
IBRD - SME loan	29	51	-	51
		37,114,114	445	37,114,559

Bank

Financial assets 31 December 2018	Notes	Fair value through profit or loss N'million	Equity instruments at FVOCI N'million	Debt instruments at FVOCI N'million	Debt instruments at amortised cost N'million	Total N'million
External reserves:						
Current accounts with foreign banks	16a	-	-	-	367,053	367,053
Time deposits and money placements	16a	-	-	-	8,781,465	8,781,465
Domiciliary accounts	16a	-	-	-	2,892,170	2,892,170
Sundry currencies and travellers' cheques	16a	-	-	-	92,016	92,016
Short term deposits	16d	-	-	-	12,702	12,702
Debt securities						
- FVTPL	16d	3,263,070	-	-	-	3,263,070
- Amortised cost		-	-	-	988,812	988,812
International Monetary Fund Reserve tranche	16	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	16d	-	-	-	-	-
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	17a	-	-	-	639,070	639,070
Quota in IMF	17b	-	-	-	1,046,449	1,046,449
Loans and receivables	18	-	-	-	13,591,066	13,591,066
Nigerian Treasury Bonds	18	-	-	-	45,020	45,020
Other assets	22	86,801	-	-	163,954	250,755
Equity instruments	19	-	43,602	-	-	43,602
Local debt instruments						
- Investment in AMCON Bonds	19				901,957	901,957
- Nigerian Treasury Bills	19	-	-	2,184	323,408	325,592
- FGN Bonds	19	-	-	347	1,678,170	1,678,517
		3,349,871	43,602	2,531	31,523,335	34,919,339

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)
Bank

Financial liabilities **31 December 2018**	**Notes**	**Liabilities at amortised cost N'million**	**Liabilities at fair value through profit and loss N'million**	**Total N'million**
Deposits:				
Government deposits	25	7,893,341	-	7,893,341
Other accounts	25	1,637,911	-	1,637,911
Financial Institutions- Current and settlement accounts	25	358,263	-	358,263
Financial Institutions - Banks' and special intervention reserve accounts	25	4,475,894	-	4,475,894
IMF related liabilities:				
IMF related liabilities	17c	998,012	-	998,012
IMF allocation of Special Drawing Rights	17d	714,179	-	714,179
Derivatives				
- Derivative in external reserves	15d	-	15,976	15,976
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	26	12,795,093	-	12,795,093
Bank notes and coins in circulation	27	2,328,766	-	2,328,766
Other liabilities:				
Accrued charges	29	33,729	-	33,729
Surplus payable to Federal Government of Nigeria	29	3,672	-	3,672
Treasury related payables	29	295,852	-	295,852
Due to Bank of Industry (BOI)	29	146,767	-	146,767
Foreign currency forward contract payables	29	834,933	-	834,933
Securities lending	29	1,621,509	-	1,621,509
Banking sector resolution sinking cost fund	29	60,895	-	60,895
Sundry payables	29	383,995	-	383,995
Due to International Development Association (IDA)	29	66,010	-	66,010
IBRD - SME loan	29	51	-	51
		34,648,872	15,976	34,664,848

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk

Credit risk is the probability of loss resulting from failure of counterparty to honour its obligations to the Group as and when due. The Group is exposed to credit risk due to activities such as investment of external reserves, granting of intervention funds, issuance of guarantees, as well as advances and loans to staff, federal government and financial institutions.

The Group adopts a conservative approach to credit risk. Where appropriate, the Group intervenes in the economy and provides guarantees in the financial system to prevent systemic risk. Investment decisions are guided by the preference for capital preservation and liquidity over returns.

3.2.1 Management of credit risk

The Group's credit risk management is guided by its Credit Risk, Investment and Risk Appetite Policies and Guidelines, as well as other guidelines for developmental initiatives. These policies are complemented by detailed procedures at the Strategic Business Units (SBUs) level. The Guidelines define credit exposure limits to ensure that the investments are within the risk appetite of the Group. The credit exposure limits are reviewed periodically in line with market developments.

The Group conducts Discount Window Operations to provide liquidity to commercial and merchant banks with temporary liquidity challenges. Credit risk exposures from these transactions are mitigated by the Nigerian Master Repurchase Agreement and acceptance of eligible collateral such as Nigerian Treasury Bills, FGN Bonds and CBN Bills in line with the Bank's eligibility criteria and margin requirements.

Credit Risk Disclosure (including Credit Risk Model)

Guarantees, interventions and loans issued by the Group, borne out of its developmental role, are usually governed by the guidelines and frameworks setting out the various schemes creating the credits.

External reserves are invested in the following:
(i) Time deposits in countries with eligible currencies
(ii) United States of America Government securities
(iii) Marketable sovereign bonds from Organisation for Economic Cooperation and Development (OECD) countries which are guaranteed unconditionally by the sovereign governments of these countries , and
(iv) Marketable securities of multilateral organisations denominated in eligible currencies from OECD countries or as may be directed by the Board of the Bank.

These are largely managed by external and internal fund managers. External assets are measured for performance using
a. Merrill Lynch 1-3 year US Treasury Index
b. Barclays US MBS Index
c. Bank of America Merrill Lynch Global Government G7, ex-Italy 1-3 years Index 100% hedged into US dollars ("USD").
d. Citigroup Dim Sum Off-shore CNY

The maximum exposure to any one single issuer, with the exception of the countries that comprise the Benchmark, is limited to five (5) per cent of the market value of the Managed Assets. The Group's maximum take-up is twenty (20) per cent of any single issue and no investment is made in securities below USD500 million.

Credit Ratings
The minimum credit ratings for different issuer groups by the rating agencies are indicated below.

Issuer Group	Up to 1 year maturities	Over 1 year maturities	Rating description
Sovereign governments	A-1/P-1/F-1	A	Investment grade (Minimum acceptable - Upper medium grade)
Multilateral and supra-national organizations	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
U.S. Government guaranteed issues and agencies	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
OECD non-U.S. Government guaranteed agencies	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
Banks	A-1/P-1/F-1	Not allowed	Investment grade (Minimum acceptable - Upper medium grade)

A-1/P-1/F-1 A short obligation rated in the highest category indicates that the obligor's capacity to meet its financial commitment on the obligation is extremely strong.

FGN Bonds, Treasury Bills, Nigerian Treasury Bonds, AMCON Bonds and Notes are sovereign instruments, but are not rated.

In line with its mandate of ensuring financial stability, the Group also provides credits to banks in distress and towards catalysing economic development. For this category of obligors, credits are granted regardless of the credit ratings of the affected institutions but with the overall objective of ensuring a safe and sound financial system.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.2.2 Maximum exposure to credit risk before collateral held or other credit enhancements

The Group's maximum exposure to credit risk at 31 December 2019 and 31 December 2018 respectively, is represented by the net carrying amounts in the statement of financial position.

The maximum exposure is shown gross, before the effect of the above mitigation factors. The credit risk exposures at the end of each reporting period is representative of the average exposure during the years.

	Notes	Group 31 December 2019 N'million	Group 31 December 2018 N'million	Bank 31 December 2019 N'million	Bank 31 December 2018 N'million
External reserves- Convertible currencies					
Current accounts with foreign banks	16a	444,953	367,053	444,953	367,053
Time deposits and money employed	16a	6,611,914	8,781,465	6,611,914	8,781,465
Domiciliary accounts	16a	2,335,810	2,892,170	2,335,810	2,892,170
Sundry currencies and travellers' cheques	16a	219,303	92,016	219,303	92,016
External reserves - Other foreign securities					
Short term deposits	16d	18,653	12,702	18,653	12,702
Debt securities:					
- FVTPL	16d	2,752,955	3,263,070	2,752,955	3,263,070
- Amortised cost	16d	1,262,891	988,812	1,262,891	988,812
International Monetary Fund Reserve tranche	16	23	23	23	23
Foreign derivatives					
- Forward contracts	16d	271,207	-	271,207	-
IMF Holdings of Special Drawing Rights:					
Holdings of Special Drawing Rights	17a	747,143	639,070	747,143	639,070
Quota in IMF	17b	1,018,290	1,046,449	1,016,290	1,046,449
Loans and receivables	18	17,409,052	13,256,850	17,753,892	13,343,712
Nigerian Treasury Bonds	18	31,036	45,020	31,036	45,020
Cash and bank balances in subsidiary	16e	234,661	16,954	-	-
Other assets:					
Account receivables	22	355,551	44,914	355,295	43,564
Fair value through other comprehensive income					
Local debt securities					
Nigerian Treasury Bills	19	44,074	2,184	44,074	2,184
FGN Bonds	19	349	347	349	347
Amortised cost					
Investment in AMCON Bonds		915,502	901,957	915,502	901,957
Nigerian Treasury Bills	19	390,017	337,844	388,070	323,408
FGN Bonds	19	1,775,576	1,769,055	1,685,996	1,678,170
Corporate Bonds	19	10,605	3,697	-	-
Investment in FARMSMART	19	425	630	-	-
Financial guarantee contracts					
Loan commitments	32c	944,129	827,676	944,129	827,676
Total		37,792,119	35,292,059	37,799,485	35,248,868

Analysis of credit exposure by class:

Measured at fair value

	Notes	Group 31 December 2019 N'million	Group 31 December 2018 N'million	Bank 31 December 2019 N'million	Bank 31 December 2018 N'million
At fair value through profit or loss					
Foreign debt securities	16d	2,752,955	3,226,120	2,752,955	3,226,120
Derivatives					
- Derivatives from external reserves	16d	271,207	-	271,207	-
		3,024,162	3,226,120	3,024,162	3,226,120
Fair value through other comprehensive income					
- Nigerian Treasury Bills	19	44,074	2,184	44,074	2,184
- FGN Bonds	19	349	347	349	347
		44,423	2,531	44,423	2,531

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Analysis of credit exposure by class (continued)

		Group		Bank	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Measured at amortised cost					
Amortised cost		N'million	N'million	N'million	N'million
Foreign debt securities	16d	1,262,891	988,812	1,262,891	988,812
Corporate Bonds	19	10,605	3,697	-	-
Investment in AMCON Bonds	19	915,502	901,957	915,502	901,957
Local debt securities	19	2,166,018	2,107,630	2,074,066	2,001,578
Current account with foreign banks	16a	444,953	367,053	444,953	367,053
Time deposits and money employed	16a	6,611,914	8,781,465	6,611,914	8,781,465
Domiciliary accounts	16a	2,335,810	2,892,170	2,335,810	2,892,170
Sundry currencies and travellers' cheques	16a	219,303	92,016	219,303	92,016
Short term deposits	16d	18,653	12,702	18,653	12,702
Holdings of Special Drawing Rights - 17a	17a	747,143	639,070	747,143	639,070
Quota in IMF - 17b	17b	1,016,290	1,046,449	1,016,290	1,046,449
International Monetary Fund Reserve tranche	16	23	23	23	23
Loans and receivables	18	17,409,052	13,258,850	17,753,892	13,343,712
Nigerian Treasury Bonds	18	31,036	45,020	31,036	45,020
Other assets:					
Accounts receivable	22	355,551	44,914	355,295	43,564
Cash and bank balances in subsidiary	16e	234,661	18,954	-	-
		33,779,405	31,198,781	33,786,771	31,155,591
Off statement of financial position					
Loan commitment		944,129.36	827,676.17	944,129.36	827,676.17
Total		37,792,119	35,255,109	37,799,485	35,211,918

Credit quality of External reserves

	Group		Bank	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	N'million	N'million	N'million	N'million
A	2,158,853	2,755,913	2,158,853	2,755,913
A-	1,013,449	2,213,348	1,013,449	2,213,348
A+	522,255	926,392	522,255	926,392
AA+	849,193	488,721	849,193	488,721
AAA	76,463	39,415	76,463	39,415
AA	10,901	9,618	10,901	9,618
AA-	-	481,854	-	481,854
B	689,570	265,562	689,570	265,562
B+	3,370	-	3,370	-
BBB+	1,136,650	2,684,640	1,136,650	2,684,640
B-	599,300	1,218,408	599,300	1,218,408
Not rated	7,237,212	5,297,483	7,237,212	5,297,483
	14,297,216	16,381,354	14,297,216	16,381,354

Credit quality of cash and bank balances

	Group		Bank	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	N'million	N'million	N'million	N'million
AAA	23,611	1,907	-	-
AA	210,500	17,003	-	-
A	550	44	-	-
	234,661	18,954	-	-

3.2.3 Credit concentrations

The monitoring of the Bank's credit risk exposure focuses on two key areas, namely; geographical and sectoral. Concentration risk based on geography is categorized by four locations - Africa, Europe, Asia, America and others while sectoral concentration is based on the Government (Federal Government of Nigeria), financial ,agriculture, energy, power, aviation and manufacturing sectors.

	Group		Bank	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Concentration by sector	N'million	N'million	N'million	N'million
Debt securities				
Federal Government of Nigeria	3,125,518	3,011,488	3,033,991	2,906,066
Financial services sector	4,026,876	4,251,883	4,015,846	4,251,883
Total debt securities	7,152,394	7,263,370	7,049,837	7,157,949
Loans and receivables				
Financial services sector - Foreign	11,394,089	13,830,948	11,394,089	13,830,948
Federal Government of Nigeria	296,857	410,972	8,734,383	5,452,566
Agriculture	329,654	297,313	409,201	372,595
Financial services sector of Nigeria	15,071,197	11,570,430	6,399,010	6,506,469
Power and aviation sector of Nigeria	724,821	534,181	1,133,949	717,272
Manufacturing	897,473	328,052	897,473	328,052
Other loans and receivables	710,297	192,167	566,207	18,392
Total loans and receivables	29,424,389	27,164,062	29,534,312	27,226,293
Derivatives				
Financial services sector - Foreign	271,207	-	271,207	-
	271,207	-	271,207	-
Off statement of financial position				
Loan commitments	944,129.36	827,676.17	944,129.36	827,676.17
Total	37,792,119	35,255,109	37,799,485	35,211,918

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

	Group		Bank	
Concentration by location	31 December 2019 N'million	31 December 2018 N'million	31 December 2019 N'million	31 December 2018 N'million
Asia	1,859,463	3,557,132	1,859,463	3,557,132
Europe	9,249,811	8,332,646	9,249,811	8,332,646
USA	2,211,807	3,497,378	2,211,807	3,497,378
Others	976,135	902,182	976,135	902,182
Nigeria	23,494,902	18,965,771	23,502,268	18,922,580
	37,792,119	35,255,109	37,799,485	35,211,918

3.2.4 Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in the financial statement.

3.2.4.1 Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- The frequency of borrower requesting emergency funding from the Bank
- The duration of emergency funding by the borrower
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A covenant breach not waived by the Bank
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties
- Significant drop in customer's external ratings

It is the Group's policy to consider a financial instrument as 'cured' and therefore-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Group's criterion for 'cure' for ECL purposes is less stringent than the 24 months requirement for forbearance which is explained in Note 2.17.

3.2.4.2 Treasury, trading and interbank relationships

The Group's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Group's credit risk department analyses publicly available information such as financial information and other external data, e.g., the rating of International Rating Agencies in its assessment.

3.2.4.3 Exposure at default

The exposure at default (EAD)represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Group assessment.

3.2.4.4 Loss given default

Loss Given Default (LGD) values are assessed and approved by the Group's Risk Management Department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, commodity prices, payment status or other factors that are indicative of losses in the group.

3.2.4.5 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when there is a significant drop in its ratings and outlook.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Group may also consider that events explained in Note 3.2.4.1 are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 3.2.4.6), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.2.4.6 Grouping financial assets measured on a collective basis

As explained in Note 2.11 dependant on the factors below, the Group calculates ECLs either on a collective or an individual basis. Asset classes where the Group calculates ECL on an individual basis include:
- All Stage 3 assets, regardless of the class of financial assets.
- The treasury, trading and interbank relationships.
- The smaller and more generic balances of the Group.
- Stage 1 and 2 loans.

3.2.4.7 Analysis of inputs to the ECL model under multiple economic scenarios per geographic regions

An overview of the approach to estimating ECLs is set out in Note 2.11 Summary of significant accounting policies and in Note 2.36 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (International Rating Agencies, National Bureau of Statistics etc.) and a team from Risk Management Department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for each of the four geographical segments, as at 31 December 2018 and 2019.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31 December 2019

Key drivers	ECL Scenario	Assigned Probabilities	2020	2021	2022
Unemployment rate %	Upside	10%	25%	27%	27%
	Base case	80%	30%	32%	32%
	Downside	10%	32%	34%	34%
Inflation rate %	Upside	10%	11%	11%	11%
	Base case	80%	12%	11%	11%
	Downside	10%	12%	12%	11%
Crude oil price	Upside	10%	64	62	61
	Base case	80%	60	58	57
	Downside	10%	58	56	55

31 December 2018

Key drivers	ECL Scenario	Assigned Probabilities	2019	2020	2021
Unemployment rate %	Upside	10%	15%	13%	13%
	Base case	79%	17%	15%	15%
	Downside	11%	19%	17%	17%
Inflation rate %	Upside	10%	10%	15%	13%
	Base case	79%	15%	16%	14%
	Downside	11%	18%	17%	15%
Crude oil price	Upside	10%	59	61	62
	Base case	79%	52	54	55
	Downside	11%	48	50	52

Since the beginning of the year, as the Group has reassessed the key economic indicators used in its ECL models, the expected unemployment growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy. Inflation rate and Crude oil prices assumptions follow a similar trend. Long-term expectations remain unchanged.

The following tables outline the impact of multiple scenarios on the allowance:

Group

31 December 2019

	External reserves N'million	Loans and receivables N'million	Other assets N'million	Undrawn commitments to lend N'million	Total N'million
Upside (10%)	147	36,508	106	2,118	38,879
Base case (80%)	1,140	283,577	822	16,448	301,987
Downturn (10%)	135	33,678	98	1,953	35,865
Total	1,422	353,763	1,026	20,519	376,730

31 December 2018

	External reserves N'million	Loans and receivables N'million	Other assets N'million	Undrawn commitments to lend N'million	Total N'million
Upside (10%)	454	20,233	8,726	27	29,440
Base case (78%)	3,805	157,821	68,932	211	230,769
Downturn (12%)	492	24,280	9,598	29	34,399
Total	4,751	202,334	87,256	267	294,609

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Bank

31 December 2019

	External reserves N'million	Loans and receivables N'million	Other assets N'million	Undrawn commitments to lend N'million	Total N'million
Upside (10%)	147	38,490	105.87	2,118	38,861
Base case (80%)	1,140	283,438	822.33	16,448	301,848
Downturn (10%)	135	33,662	97.66	1,953	35,848
Total	**1,422**	**353,590**	**1,026**	**20,519**	**376,557**

31 December 2018

	External reserves N'million	Loans and receivables N'million	Other assets N'million	Undrawn commitments to lend N'million	Total N'million
Upside (10%)	454	20,233	8,726	27	29,440
Base case (78%)	3,805	160,188	68,932	211	233,137
Downturn (12%)	492	21,913	9,598	29	32,032
Total	**4,751**	**202,334**	**87,256**	**267**	**294,609**

For trade receivables, the Group applied the simplified approach in computing ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the gross carrying value of each class of financial assets.

3.2.4.8 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.
Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained include cash, FGN Bonds, Treasury Bills and Supranational Securities

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

3.3 Liquidity risk

Liquidity risk refers to the potential that Group to close the gap between demand and supply of financial resources required to honour its obligations and ensure monetary, price and financial system stability.

The main goal of liquidity management of the Group is to ensure that funding is available as and when required to meet its maturing obligations while promoting economic growth and a sound financial system.

3.3.1 Management of liquidity risk

The Central Bank of Nigeria Act 2007 empowers the Group to create the required settlement balances. Consequently, operations are not expected to be constrained by cash flow. However, annual budgets are made for the Group's operations to control the Group's obligations and prevent the need for fiat money which have potential impact on inflation and other economic indices.

On the other hand, the Group is exposed to liquidity risk in foreign currency. To limit the risk, the Group actively manages the external reserves to ensure sufficient liquidity in key foreign currencies to prevent shocks to the financial and national payment systems. For instance, as part of the Bank's Strategic Asset Allocation (SAA), annual liquidity tranching of the external reserves is conducted.

In addition, to ensure effective liquidity management, the Group has set liquidity thresholds and approved criteria for selecting eligible securities and other investments in its Strategic Asset Allocation framework.

3.3.2 Maturity analysis

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The balances in this table do not correspond to the balances in the Statement of financial position , since the table presents all contractual cash flows on an undiscounted basis.

(All amounts are in millions of Naira, unless otherwise stated)

3.3.2 Maturity analysis - continued

Group 31 December 2019	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits							
Government deposits	6,398,752	-	-	-	-	-	6,398,752
Other accounts	777,052	-	-	-	-	-	777,052
Financial institutions- current and settlement accounts	864,375	-	-	-	-	-	864,375
Financial institutions - Banks' and special intervention reserve accounts	5,442,930	-	-	-	-	-	5,442,930
IMF related liabilities							
IMF related liabilities	967,851	-	-	-	-	-	967,851
IMF allocation of Special Drawing Rights	835,174	-	-	-	-	-	835,174
Central Bank of Nigeria Instruments							
Open Market Operations - Central Bank of Nigeria Bills	2,407,085	3,486,690	2,702,782	7,299,840	-	-	15,896,397
Bank notes and coins in circulation	2,442,031	-	-	-	-	-	2,442,031
- Derivatives in external reserves	445						445
Other liabilities							
Accrued charges	65,606	-	-	-	-	-	65,606
Surplus payable to Federal Government of Nigeria	2,673	-	-	-	-	-	2,673
Treasury related payables	663,700	-	-	-	-	-	663,700
Due to Bank of Industry (BOI)	188,934	-	-	-	-	-	188,934
Foreign currency forward contract payables	1,010,030	-	-	-	-	-	1,010,030
Sundry payables	405,404	-	-	-	-	-	405,404
IBRD - SME loan	57	-	-	-	-	-	57
Securities lending	-	-	-	-	-	2,204,995	2,204,995
Rural Finance (RUFIN) Fund	294	-	-	-	-	-	294
Banking sector resolution sinking cost	50,001	-	-	-	-	-	50,001
Trade payables	26,034	-	-	-	-	-	26,034
Due to International Development Association (IDA)	-	-	-	-	66,535	-	66,535
Deposit for shares	-	-	-	-	5,116	-	5,116
Lease liabilities	-	-	-	-	719	808	1,527
Bank borrowings and overdraft	-	-	-	-	-	-	-
Total financial liabilities	**22,548,428**	**3,486,690**	**2,702,782**	**7,299,840**	**72,370**	**2,205,803**	**38,315,914**

Bank 31 December 2019	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits							
Government deposits	6,482,716	-	-	-	-	-	6,482,716
Other accounts	777,052	-	-	-	-	-	777,052
Financial institutions- current and settlement accounts	862,375	-	-	-	-	-	862,375
Financial institutions - Banks' and special intervention reserve accounts	5,442,930	-	-	-	-	-	5,442,930
IMF related liabilities							
IMF related liabilities	967,851	-	-	-	-	-	967,851
IMF allocation of Special Drawing Rights	835,174	-	-	-	-	-	835,174
Central Bank of Nigeria Instruments							
Open Market Operations - Central Bank of Nigeria Bills	2,407,085	3,486,690	2,702,782	7,299,840	-	-	15,896,397
Bank notes and coins in circulation	2,442,045	-	-	-	-	-	2,442,045
- Derivatives in external reserves	445						445
Other liabilities							
Accrued charges	62,218	-	-	-	-	-	62,218
Surplus payable to Federal Government of Nigeria	2,673	-	-	-	-	-	2,673
Treasury related payables	663,700	-	-	-	-	-	663,700
Due to Bank of Industry (BOI)	188,934	-	-	-	-	-	188,934
Foreign currency forward contract payables	1,010,030	-	-	-	-	-	1,010,030
Securities lending	-	-	-	-	-	2,204,995	2,204,995
Banking sector resolution sinking cost fund	50,001	-	-	-	-	-	50,001
Due to International Development Association (IDA)	-	-	-	-	66,535	-	66,535
Lease liabilities	-	-	-	-	719	808	1,527
IBRD - SME loan	51	-	-	-	-	-	51
Sundry payables	450,960	-	-	-	-	-	450,960
Total financial liabilities	**22,646,239**	**3,486,690**	**2,702,782**	**7,299,840**	**67,254**	**2,205,803**	**38,408,609**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Group 31 December 2018	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits							
Government deposits	7,893,341	-	-	-	-	-	7,893,341
Other accounts	1,637,911	-	-	-	-	-	1,637,911
Financial institutions- current and settlement accounts	358,263	-	-	-	-	-	358,263
Financial institutions - Banks' and special intervention reserve accounts	4,475,894	-	-	-	-	-	4,475,894
IMF related liabilities							
IMF related liabilities	998,012	-	-	-	-	-	998,012
IMF allocation of Special Drawing Rights	714,179	-	-	-	-	-	714,179
Central Bank of Nigeria Instruments							
Open Market Operations - Central Bank of Nigeria Bills	2,373,459	2,985,604	1,174,185	7,248,545	-	-	13,781,793
Bank notes and coins in circulation	2,298,267	-	-	-	-	-	2,298,267
Derivatives in external reserves	15,976	-	-	-	-	-	15,976
Other liabilities							
Accrued charges	35,849	-	-	-	-	-	35,849
Surplus payable to Federal Government of Nigeria	3,672	-	-	-	-	-	3,672
Treasury related payables	295,852	-	-	-	-	-	295,852
Due to Bank of Industry (BOI)	146,767	-	-	-	-	-	146,767
Foreign currency forward contract payables	834,933	-	-	-	-	-	834,933
Sundry payables	345,129	-	-	-	-	-	345,129
Securities lending	-	-	-	-	-	1,621,509	1,621,509
Anchor Borrower Programme	24,859	-	-	-	-	-	24,859
Rural Finance (RUFIN) Fund	294	-	-	-	-	-	294
Banking sector resolution sinking cost fund	60,895	-	-	-	-	-	60,895
IBRD - SME loan	51	-	-	-	-	-	51
Trade payables	6,054	-	-	-	-	-	6,054
Due to International Development Association (IDA)	-	-	-	-	66,010	-	66,010
Deposit for shares	5,116	-	-	-	-	-	5,116
Bank borrowings and overdraft	10,940	-	-	-	-	-	10,940
Total financial liabilities	**22,535,713**	**2,985,604**	**1,174,185**	**7,248,545**	**66,010**	**1,621,509**	**35,631,566**

Bank 31 December 2018	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits							
Government deposits	7,893,341	-	-	-	-	-	7,893,341
Other accounts	1,637,911	-	-	-	-	-	1,637,911
Financial institutions- current and settlement accounts	358,263	-	-	-	-	-	358,263
Financial institutions - Banks' and special intervention reserve accounts	4,475,894	-	-	-	-	-	4,475,894
IMF related liabilities							
IMF related liabilities	998,012	-	-	-	-	-	998,012
IMF allocation of Special Drawing Rights	714,179	-	-	-	-	0	714,179
Central Bank of Nigeria Instruments							
Open Market Operations - Central Bank of Nigeria Bills	2,373,459	2,985,604	1,174,185	7,248,545	-	-	13,781,793
Bank notes and coins in circulation	2,328,766	-	-	-	-	-	2,328,766
Derivatives in external reserves	15,976	-	-	-	-	-	15,976
Other liabilities							
Accrued charges	33,729	-	-	-	-	-	33,729
Surplus payable to Federal Government of Nigeria	3,672	-	-	-	-	-	3,672
Treasury related payables	295,852	-	-	-	-	-	295,852
Due to Bank of Industry (BOI)	146,767	-	-	-	-	-	146,767
Foreign currency forward contract payables	834,933	-	-	-	-	-	452,586
Securities lending	-	-	-	-	-	1,621,509	1,621,509
IBRD - SME loan	51	-	-	-	-	-	51
Banking sector resolution sinking cost fund	60,895	-	-	-	-	-	60,895
Due to International Development Association (IDA)	-	-	-	-	66,010	-	66,010
Sundry payables	384,046	-	-	-	-	-	384,046
Total financial liabilities	**22,555,746**	**2,985,604**	**1,174,185**	**7,248,545**	**66,010**	**1,621,509**	**35,651,599**

3. Financial risk management and financial instruments classification (continued)

3.4 Market risk

Market risk is the potential loss from adverse movements in market indices such as interest rates, foreign exchange rates, equity prices and commodity prices which could adversely affect the Group's earnings and capital, thereby inhibiting its ability to achieve its mandate and strategic objectives.

The Group adopts a conservative approach to risk taking in view of the potential impact of losses to the economy and therefore does not ordinarily engage in active trading. However, it is exposed to losses in its holdings of fixed income debt and developmental securities. The potential loss from these instruments is mitigated by using appropriate limits and the engagement of fund managers with specific mandates.

Key components of the Group's market risk include the following:

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to fixed rate financial assets and financial liabilities.

The Group's investment portfolio is comprised of bills, bonds, notes and cash deposits in multilateral, sovereign, and supranational institutions spread across Europe, Asia and the United States of America. The Group is exposed to the risk of movements in interest rates in these jurisdictions.

To mitigate its interest rate risk, the Bank diversifies its portfolio and adopts appropriate guidelines and standards set by the Bank's Investment Committee which details the types, tenor and limits of its investments.

Commodity price risk

Commodity risk is the uncertainty in future income and value of a portfolio caused by fluctuation in the price of commodities such as crude oil and agricultural products. As income from crude oil contribute about 88% of the country's income stream, volatility in the price of crude oil affects accretion to external reserves managed by the Group. Between January and December 2019, the bench mark price of crude oil increased from USD54.02 to USD67.77 (2018: crude oil decreased from USD69.68 to USD53.21).

Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk by placing limits on total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

Foreign Exchange Risk

Foreign exchange risk is the risk of change in the value of the Group's investments due to movements in exchange rates. Foreign exchange risk management is important given the Group's mandate to maintain the external reserves in order to safeguard the international value of the Naira.

3.4.1 Management of market risk

The Group adopts a conservative approach to risk taking in view of the potential impact of losses to the economy and therefore does not ordinarily engage in active trading. However, it is exposed to losses in its holdings of fixed income debt and developmental securities. The potential loss from these instruments is mitigated by using appropriate limits and the engagement of fund managers with specific mandates.

Interest rate risk

To mitigate the interest rate risk , the Group diversifies its portfolio and adopts appropriate guidelines and standards set by the Group's Investment Committee which details the types, tenor and limits of its investments.

Commodity price risk

Volatility in the price of crude oil affects accretion to external reserves managed by the Group. The Group continues to collaborate with other stakeholders to promote and advocate for the diversification of the economy from status quo.

Equity price risk

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's equity investments are carried at fair value through other comprehensive income (FVOCI).

Foreign exchange risk

The Group's foreign exchange risk exposure is mitigated primarily by diversification of foreign exchange portfolio with significant holdings in the currency in which the highest amount of foreign transactions are settled; intervention in the local foreign exchange market and limits on foreign exchange holdings by financial institutions.

3.4.2 Measurement of market risk

The Group adopted tools, techniques and methodologies such as correlation analysis, causal analysis, duration, convexity, gap analysis, vulnerabilities, VaR, EaR, stop loss, and gain-loss spread to monitor limits in line with the Group's risk appetite.

The Group's aggregate market risk exposure is evaluated periodically to support risk decision making and ensure optimal portfolio management.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.4.3 Interest rate risk

Interest rate sensitivity

Sensitivity to changes in interest rates is relevant to financial assets or financial liabilities bearing floating interest rates due to the risk that future cash flows will fluctuate. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities that are re-measured to fair value.

The impact of a 0.1% increase/decrease in market yield on financial assets classified as FVTPL, with all other variables held constant, will reduce/increase the Bank's and Group's profit before tax by N23,432 million (31 December 2018: N32,261 million). Other debt instruments are have fixed interest rates and are not subject to interest rate sensitivity.

Equity price risk

At the reporting date, the Bank's and the Group's exposure to unlisted equity investment at fair value was N166,656 million (31 December 2018: N43,602 million). Sensitivity analyses of these investments have been provided in Note 3.5.

Foreign exchange risk sensitivity analysis

The table below indicates the financial instruments and foreign currencies to which the Group had significant exposure at each reporting date. The analysis calculates the effect of a 5% movement of the Naira against the foreign currencies (all other variables being held constant) on the income statement (due to the fair value of currency sensitive monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

Consequently the foreign exchange sensitivity risk for the year 2019 shows the highest, lowest and average exposures during the year.

The exchange rates used for converting foreign denominated balances as at the end of 2019 was N364.51 to USD 1 (2018 : N360.00 to USD 1)

	Group			Bank		
31 December 2019	Carrying Amount in Naira N'million	Effect of a 5% appreciation of the Naira against foreign currencies on Income statement N'million	Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million	Carrying Amount in Naira N'million	Effect of a 5% appreciation of the Naira against foreign currencies on Income statement N'million	Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million
Foreign currency denominated financial assets						
Current account with foreign banks	444,953	(22,248)	22,248	444,953	(22,248)	22,248
Time deposits and money employed	6,611,914	(330,596)	330,596	6,611,914	(330,596)	330,596
Domiciliary accounts	2,335,810	(116,791)	116,791	2,335,810	(116,791)	116,791
Other foreign securities	4,305,261	(215,263)	215,263	4,305,261	(215,263)	215,263
Sundry currencies and travellers' cheques	219,303	(10,965)	10,965	219,303	(10,965)	10,965
IMF Assets	1,763,433	(88,172)	88,172	1,763,433	(88,172)	88,172
	15,680,674	(784,035)	784,035	15,680,674	(784,035)	784,035
Foreign denominated financial liabilities						
IMF Liabilities	1,803,025	90,151	(90,151)	1,803,025	90,151	(90,151)
	1,803,025	90,151	(90,151)	1,803,025	90,151	(90,151)
Net position	13,877,649	(693,884)	693,884	13,877,649	(693,884)	693,884

31 December 2019		Group			Bank		
Financial assets analysed according to currencies	Closing rate N	Carrying Amount in Naira N'million	Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million	Effect of a 5% depreciation of the Naira against foreign currencies on Income statement N'million	Carrying Amount in Naira N'million	Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million	Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million
United States Dollar	364.5	12,485,819	(624,291)	624,291	12,485,819	(624,291)	624,291
Euro	409	57,545	(2,878)	2,878	57,545	(2,878)	2,878
British Pounds Sterling	481	123,656	(6,183)	6,183	123,656	(6,183)	6,183
Chinese Renminbi	52	1,141,126	(57,057)	57,057	1,141,126	(57,057)	57,057
Japanese Yen	3	14,591	(730)	730	14,591	(730)	730
IMF Assets	499	1,763,433	(88,170)	88,170	1,763,433	(88,170)	88,170
Others	-	94,505	(4,726)	4,726	94,505	(4,726)	4,726
		15,680,674	(784,035)	784,035	15,680,674	(784,035)	784,035
Financial liabilities analysed according to currencies							
IMF Liabilities	499	1,803,025	90,151	(90,151)	1,803,025	90,151	(90,151)
		1,803,025	90,151	(90,151)	1,803,025	90,151	(90,151)
Net position		13,877,649	(693,884)	693,884	13,877,649	(693,884)	693,884

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

	Group			Bank		
31 December 2018	**Carrying Amount in Naira N'million**	**Effect of a 15% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 15% depreciation of the Naira against foreign currencies on income statement N'million**	**Carrying Amount in Naira N'million**	**Effect of a 15% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 15% depreciation of the Naira against foreign currencies on income statement N'million**
Foreign currency denominated financial assets						
Current account with foreign banks	367,053	(18,353)	18,353	367,053	(18,353)	18,353
Time deposits and money employed	8,781,465	(439,073)	439,073	8,781,465	(439,073)	439,073
Domiciliary accounts	2,892,170	(144,609)	144,609	2,892,170	(144,609)	144,609
Other foreign securities	4,248,608	(212,430)	212,430	4,248,608	(212,430)	212,430
Sundry currencies and travellers' cheques	92,016	(4,601)	4,601	92,016	(4,601)	4,601
IMF Assets	1,685,519	(84,276)	84,276	1,685,519	(84,276)	84,276
Cash and cash equivalents in subsidiary	1,297	(65)	65	-	-	-
	18,068,128	(903,407)	903,407	18,066,831	(903,342)	903,342
Foreign currency denominated financial liabilities						
IMF Liabilities	1,712,191	85,610	(85,610)	1,712,191	85,610	(85,610)
	1,712,191	85,610	(85,610)	1,712,191	85,610	(85,610)
Net position	16,355,937	(817,797)	817,797	16,354,640	(817,732)	817,732

The foreign currency risk according to the various currencies in which the Group had balances in are is as follows:

		Group			Bank		
Financial assets analysed according to currencies	**Closing rate N**	**Carrying Amount in Naira N'million**	**Effect of a 15% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 15% depreciation of the Naira against foreign currencies on income statement N'million**	**Carrying Amount in Naira N'million**	**Effect of a 15% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 15% depreciation of the Naira against foreign currencies on income statement N'million**
United States Dollar	360	15,380,215	(767,115)	767,115	15,381,261	(768,063)	768,063
Euro	366	60,925	(3,047)	3,047	60,925	(3,046)	3,046
British Pounds Sterling	413	110,952	(5,548)	5,548	110,952	(5,548)	5,548
Chinese Renminbi	47	751,964	(37,599)	37,599	751,964	(37,598)	37,598
Japanese Yen	3	14,950	(748)	748	14,950	(748)	748
IMF SDR	434	1,685,519	(84,276)	84,276	1,685,519	(84,276)	84,276
Others	-	63,603	(3,181)	3,181	81,260	(3,826)	3,826
		18,068,128	(901,514)	901,514	18,066,831	(903,105)	903,105
Financial liabilities analysed according to currencies							
IMF SDR	434	1,712,191	85,610	(85,610)	1,712,191	85,610	(85,610)
		1,712,191	85,610	(85,610)	1,712,191	85,610	(85,610)
Net position		16,355,937	(815,904)	815,904	16,354,640	(817,495)	817,495

Other risks faced by the Group include the following:

(a) Operational risk

Operational Risk is the potential for loss resulting from failure or inadequacy of the Group's internal processes, people, systems and from external events.

Operational risk management in the Group is aimed at ensuring that these risks are identified and mitigated in a proactive and repeatable approach to ensure the Group is able to achieve its strategic objectives.

The Group's operational risk management process involves risk identification, assessment, treatment, monitoring and reporting. The primary responsibility for identifying risk events affecting the Group's operations, staff and Information Technology services resides with the Business Units. Tools such as the Risk Control Self-Assessment (RCSA), Independent Risk Assessment (IRA), surveys and risk questionnaires are widely used for risk identification, assessment and mitigation.

Each risk identified is assessed based on the likelihood of their occurrence and impact on the Group's operations. The evaluated risks are classified as 'High', 'Medium' or 'Low' depending on their severity. The Group's response to risk events includes 'accept', 'reduce', 'transfer/share' or 'avoid'.

The Group has initiated Business Continuity Management (BCM) processes to ensure its resilience to threats that may impede the continuity of mandate-critical operations and allow business operations return to pre-determined levels following a disruption.

(b) Reputational risk

The Group's reputation and credibility are critical to achieving its key policy objectives of monetary, price and financial system stability. Reputational risk can arise from negative publicity arising from the action or inaction of the Group and its employees etc.

The Board of the Bank has approved a reputational risk management framework in addition to other policies to identify, assess and mitigate stakeholders' perception issues. The implementation of the reputational risk framework is assisting the Group to maintain its credibility, build local and international investor confidence and enhance its accountability.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

(c) Legal risk

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability incurred during operations by the inability of the Group to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed.

The Group manages this risk by monitoring new legislation, identifying significant legal risks as well as assessing the potential impact of these.

3.5 Fair value measurement

IFRS 13 requires an entity to classify, measure and disclose fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

(a) Financial instruments measured at fair value and for which fair value is disclosed

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.
In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

This hierarchy requires the use of observable market data when available. CBN considers relevant and observable market prices in its valuations where possible. There have been no transfers between levels in the year.
There were no movements between Level 1 to Level 3 categories financial instruments during the year.

Group
31 December 2019

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Assets measured at Fair value				
External reserves				
Debt securities:				
- FVTPL	2,752,955	-	-	2,752,955
Gold	379,952	-	-	379,952
Derivatives:				
- Forward contracts	-	271,207	-	271,207
Local securities				
Quoted securities				
Nigerian Treasury Bills - FVOCI	-	44,074	-	44,074
FGN bonds - FVOCI	349	-	-	349
Unquoted securities				
Equity shares	-	-	166,656	166,656
Revalued property, plant and equipment				
Land	-	-	7,245	7,245
Buildings	-	-	411,025	411,025
	3,133,256	315,281	584,926	4,033,463

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Assets not measured at fair values	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
External reserves								
Debt securities	1,262,891	1,024,250	-	-	-	-	1,262,891	1,024,250
Loans and receivables	-	-	17,440,088	14,954,214	-	-	17,440,088	14,954,214
Local listed debt securities								
Nigerian Treasury Bills	-	-	390,021	397,790	-	-	390,021	397,790
FGN Bonds	1,775,576	2,011,290	-	-	-	-	1,775,576	2,011,290
	3,038,467	3,035,540	17,830,109	15,352,004	-	-	20,868,575	18,387,544

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

Liabilities measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Foreign Derivatives:				
- Futures contract	-	445	-	445
	-	445	-	445

Financial Liabilities not measured at fair value	Level 1 N 'million Carrying amount	Level 1 Fair value	Level 2 N 'million Carrying amount	Level 2 Fair value	Level 3 N 'million Carrying amount	Level 3 Fair value	Total N 'million Carrying amount	Total Fair value
Central Bank of Nigeria instruments								
Open Market Operations Bills - Central Bank of Nigeria	-	-	14,620,713	14,786,445	-	-	14,620,713	14,786,445
	-	-	14,620,713	14,786,445	-	-	14,620,713	14,786,445

Bank
31 December 2019

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Assets measured at Fair value				
External reserves				
Debt securities:				
- FVTPL	2,752,955	-	-	2,752,955
Gold	379,952	-	-	379,952
Derivatives:				
- Forward contracts	-	271,207	-	271,207
Local securities				
Quoted securities				
Nigerian Treasury Bills- FVOCI	-	44,074	-	44,074
FGN bonds- FVOCI	349	-	-	349
Unquoted securities				
Equity shares	-	-	166,656	166,656
Revalued property, plant and equipment				
Land	-	-	7,191	7,191
Buildings	-	-	403,284	403,284
	3,133,256	315,281	577,132	4,025,669

Financial Assets not measured at fair value	Level 1 N 'million Carrying amount	Level 1 Fair value	Level 2 N 'million Carrying amount	Level 2 Fair value	Level 3 N 'million Carrying amount	Level 3 Fair value	Total N 'million Carrying amount	Total Fair value
External reserves								
Debt securities	1,262,891	1,024,250	-	-	-	-	1,262,891	1,024,250
Loans and receivables	-	-	17,431,338	14,622,752	-	-	17,431,338	14,622,752
Local listed debt securities								
Nigerian Treasury Bills	-	-	388,071	397,790	-	-	388,071	397,790
FGN Bonds	1,685,996	1,921,710	-	-	-	-	1,685,996	1,921,710
	2,948,887	2,945,960	17,819,409	15,020,542	-	-	20,768,296	17,966,502

Liabilities measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Foreign Derivatives:				
- Futures contract	-	445	-	445
	-	445	-	445

Financial Liabilities not measured at fair value	Level 1 N 'million Carrying amount	Level 1 Fair value	Level 2 N 'million Carrying amount	Level 2 Fair value	Level 3 N 'million Carrying amount	Level 3 Fair value	Total N 'million Carrying amount	Total Fair value
Central Bank of Nigeria instruments								
Open Market Operations Bills - Central Bank of Nigeria	-	-	14,620,713	14,786,445	-	-	14,620,713	14,786,445
	-	-	14,620,713	14,786,445	-	-	14,620,713	14,786,445

(All amounts are in millions of Naira, unless otherwise stated)

3. **Financial risk management and financial instruments classification (continued)**

3.5 **Fair value measurement (continued)**

31 December 2018 Group Financial assets measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
External reserves				
Debt Securities:				
- FVTPL	3,263,070	-	-	3,263,070
				-
Local securities				-
Quoted securities				-
Nigerian Treasury Bills - FVOCI	-	2,184	-	2,184
FGN Bonds - FVOCI	347	-	-	347
				-
Unquoted securities				-
Equity shares	-	-	43,602	43,602
	3,263,417	2,184	43,602	3,309,203

Financial Assets not measured at fair value	Level 1 N 'million Carrying amount	Level 1 N 'million Fair value	Level 2 N 'million Carrying amount	Level 2 N 'million Fair value	Level 3 N 'million Carrying amount	Level 3 N 'million Fair value	Total N 'million Carrying amount	Total N 'million Fair value
External reserves								
Debt securities	988,812	905,208	-	-	-	-	988,812	905,208
Loans and receivables	-	-	13,301,870	11,439,150	-	-	13,301,870	11,439,150
Local listed Debt securities								
Nigerian Treasury Bills	-	-	337,944	301,336	-	-	337,944	301,336
- FGN Bonds	1,769,055	1,732,901	-	-	-	-	1,769,055	1,732,901
	2,757,868	2,638,109	13,639,814	11,740,486	-	-	16,397,681	14,378,596

Liabilities measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Foreign Derivatives:				
- Futures contract	-	15,441	-	15,441
	-	15,441	-	15,441

Financial Liabilities not measured at fair value	Level 1 N 'million Carrying amount	Level 1 N 'million Fair value	Level 2 N 'million Carrying amount	Level 2 N 'million Fair value	Level 3 N 'million Carrying amount	Level 3 N 'million Fair value	Total N 'million Carrying amount	Total N 'million Fair value
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	-	-	12,795,093	12,751,735	-	-	12,795,093	12,751,735
	-	-	12,795,093	12,751,735	-	-	12,795,093	12,751,735

Bank 31 December 2018 Financial assets measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
External reserves				
Debt securities:				
- FVTPL	3,263,070	-	-	3,263,070
Local securities				
Nigerian Treasury Bills - FVOCI	-	2,184	-	2,184
FGN bonds - FVOCI	347	-	-	347
Unquoted securities				
Equity shares	-	-	43,602	43,602
	3,263,417	2,184	43,602	3,309,203

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Assets not measured at fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
External reserves								
Debt securities	988,812	905,208	-	-	-	-	988,812	905,208
Loans and receivables	-	-	13,388,732	11,256,870	-	-	13,388,732	11,256,870
Local securities								
Local listed debt securities								
Nigerian Treasury Bills	-	-	323,408	286,800	-	-	323,408	286,800
FGN Bonds	1,678,170	1,642,016	-	-	-	-	1,678,170	1,642,016
	2,666,982	2,547,224	13,712,140	11,543,670	-	-	16,379,122	14,090,894

Liabilities measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Foreign Derivatives:				
- Futures contract	-	15,441	-	15,441
	-	15,441	-	15,441

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Liabilities not measured at fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	-	-	12,795,093	12,751,735	-	-	12,795,093	12,751,735
	-	-	12,795,093	12,751,735	-	-	12,795,093	12,751,735

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market prices used for financial assets held by the Bank are the bid prices on the statement of financial position date.

The instruments included in Level 1 comprise primarily of debt securities maintained as part of the external reserves and local listed debt securities namely the Federal Government of Nigeria (FGN) bonds.

Foreign debt securities

These are debt securities into which the external fund managers invest in. These debt securities are held for maximising returns on the funds invested.

Foreign debt securities are valued at the ruling bid prices on each reporting date. The external fund managers perform the valuation based on ruling bid prices as obtained from various vendors such as Thomson Reuters, S & P, Pricing Direct, IDC and Bloomberg. The market recognised sources include official sources such as GEMMA for United Kingdom Gilts, iBoxx, which is the primary source for UK and Euro corporate debt and evaluated prices for US Government bonds. In addition Bloomberg generic may be used as a secondary source where required and for validation. Alternate providers such as Markit, iBoxx and index providers such as Barclays may also be used to supplement pricing on particular asset groups. The debt security prices follows market prices on a clean basis, i.e. without the inclusion of accrued income or similar payments.

Federal Government of Nigeria (FGN) bonds

These are Federal Government of Nigeria securities which are fair valued based on quoted bid prices. FGN bid prices are published on the FMDQ website.
The FMDQ publishes the bid prices on a daily basis, and the unadjusted prices reflect the market value.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The financial instruments falling into this category includes derivatives arising from forward exchange contracts and futures contracts entered into by the Bank and also those entered into by the Fund managers on behalf of the Bank (that fall under external reserves).

The financial assets and financial liabilities that fall under this category are Nigerian treasury bonds, loans and receivables, the Bank's instruments arising from its open market operations and derivative assets and liabilities arising from open forward exchange contracts.

Nigerian treasury bills

These are Federal Government of Nigeria securities which are fair valued based on quoted yield-to-maturity and days to maturity rates. The fair value of treasury bills is determined by reference to quoted yield to maturities of the instrument as published on the FMDQ website. Nigerian Treasury Bills are classified in Level 2 in the fair value hierarchy.

The FMDQ publishes the market yields on a daily basis, and the unadjusted yields are used to determine the prices.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

Long term loans

The fair values of loans and receivables are based on cash flows discounted using a rate based on the market interest rate of borrowings rate of 13.5% (31 December 2018: 14%). The discount rate equals to the ruling monetary policy rate as set by the Central Bank of Nigeria at the reporting dates. The fair values are within Level 2 of the fair value hierarchy.

Central Bank of Nigeria Open Market Operations (OMO) Instruments

The fair values of the OMO instruments is determined by reference to the quoted prices of similar instruments, namely treasury bills issued by the Federal Government of Nigeria. The OMO Bills are similar to treasury bills in that they are short term discounted instruments.

The fair value of treasury bills is determined by reference to quoted yield to maturities. The same quoted yield to maturities for treasury bills was utilised to determine the fair values for OMO Bills that fall within the same maturity profile.

Derivatives in external reserves

The financial instruments falling into this category includes derivatives arising from forward exchange contracts and futures contracts entered into by the Bank and also those entered into by the Fund managers on behalf of the Bank. Derivatives arising from forward arrangements fall in Level 2 while futures fall in Level 1 of the fair value hierarchy.

(c) Financial instruments in level 3

Unquoted equity shares

The fair values of the unquoted equity shares have been estimated using the Market approach (Price to Book and a Regression analysis of the Price to Book). The valuation requires management to make certain assumptions about the model inputs, including forecast cashflows, the discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(d) Carrying amounts that approximate fair values

The carrying amount for deposits, IMF related liabilities, notes and coins in circulation, IMF related assets, Deposit, money placement, current account with foreign banks, domiciliary accounts, sundry currency, travellers cheques, cash and cash equivalents, other assets and other liabilities that are financial instruments approximate their fair values hence have not been disclosed.

(e) Transfers between the fair value hierarchy categories

During the reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2019 and 2018 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Equity instruments in unquoted equity shares - NDIC	Market approach (P/B Multiple)	Liquidity/Marketability discount	2019: 5% - 10% 2018: 5% - 10%	+/-10% (2019: +/-10%) increase/decrease in the marketability discount would result in (decrease)/increase in fair value by N4,912,758,715 (2018: N3,988,992,119)/ N3,988,992,119)
		Long-term operating margin	2019: 5% - 10% 2018: 5% - 10%	+/-5% (2019: +/-5%) increase/decrease in the marketability discount would result in (decrease)/increase in fair value by N2,458,379,358 (2018: N1,994,496,059/N1,994,496,059)
Equity instruments in unquoted equity shares - IILMC	Market approach (P/B Multiple)	Liquidity/Marketability discount	2019: 5% - 10% 2018: 5% - 10%	+/- 10% (2019: +/-10%) increase/decrease in the marketability discount would result in decrease/increase in fair value by $889,704 (2018: $1,019,716)/$1,019,716)
			2019: 5% - 10% 2018: 5% - 10%	+/- 5% (2019: +/-5%) increase/decrease in the marketability discount would result in decrease/increase in fair value by $444,852 (2018: $509,858)/$509.858)
Equity instruments in unquoted equity shares - AFREXIM	Market approach (Adjusted net assets)	Liquidity/Marketability discount	2019: 5% - 10%	+/- 10% (2019: +/-10%) increase/decrease in the marketability discount would result in decrease/increase in fair value by $31,352,918
			2019: 5% - 10%	+/- 5% (2019: +/-5%) increase/decrease in the marketability discount would result in decrease/increase in fair value by $15,676,459

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Reconciliation of fair value measurement of unquoted equity shares classified as FVOCI financial assets:

	African Export Import Bank (Afrexim) N'million	Nigeria Deposit Insurance Corporation (NDIC) N'million	International Islamic Liquidity Management Corporation of Malaysia N'million	Total N'million
As at 1 January 2018	-	43,346	2,197	45,543
Remeasurement recognised in OCI	-	(3,456)	1,515	(1,941)
As at 1 January 2019	-	39,890	3,712	43,602
Additions during the year	114,285	-	-	114,285
Remeasurement recognised in OCI	-	9,238	(469)	8,769
As at 31 December 2019	114,285	49,128	3,243	166,656

4 Capital management

The Bank does not have any regulator that sets and monitors its capital requirements. There is no regulation for the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. Section 4 (1) of the Central Bank of Nigeria Act No.7, 2007 gave approval to the increase in authorised capital of the Bank from N5 billion to N100 billion and Section 4 (2) provides that all the capital of the Bank shall be subscribed and held only by the Federal Government of Nigeria.

The Federal Government of Nigeria is the sole subscriber to the paid up capital of the Bank and its holding is not transferable in whole or in part nor is it subject to any encumbrance.

The provisions of the Act seek to ensure that the Government of Nigeria continues to own a hundred per cent stake to bear all financial risks and rewards.

(All amounts are in millions of Naira, unless otherwise stated)

5 Interest Income

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
5a Interest and similar income calculated using the effective interest method				
Analysis by type				
Loans and receivables	776,807	259,003	763,693	253,820
Asset Management Corporation of Nigeria (AMCON) Notes	241,680	241,680	241,680	241,680
Federal Government Securities	241,485	170,782	239,569	154,597
Time deposits and money placements	188,066	160,495	184,924	159,429
Other foreign securities	23,327	43,013	23,327	43,013
	1,471,365	874,973	1,453,193	852,539

5b Other interest and similar income

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Other foreign securities classified as FVTPL	87,867	39,228	87,867	39,228
Total interest and similar income	1,559,232	914,201	1,541,060	891,767

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Analysis by geographical location:				
Domestic	1,259,972	671,465	1,244,942	650,097
International	299,260	242,736	296,118	241,670
	1,559,232	914,201	1,541,060	891,767

Classification of interest and similar income arising from financial instruments is indicated below:

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Income from debt instruments measured at amortised cost	1,465,883	874,171	1,447,711	851,737
Income from debt instruments measured at FVOCI	5,482	802	5,482	802
Income from debt instruments measured at FVTPL	87,867	39,228	87,867	39,228
	1,559,232	914,201	1,541,060	891,767

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
6 Interest and similar expense calculated using the effective interest method				
Central Bank of Nigeria Instruments issued	2,170,805	1,837,632	2,170,805	1,837,632
Securities lending	45,103	52,806	45,103	52,806
Deposits	4,210	7,846	4,210	7,797
Loans	602	-	-	-
Commitment and service charge on Nigerian Mortgage Refinance Company Loan	510	644	510	644
Lease liabilities (Note 29e)	138	-	138	-
Bank borrowings and charges	5	1,956	-	-
SWAP drawdown	-	1,997	-	1,997
	2,221,373	1,902,881	2,220,766	1,900,876

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
7 Fees and commission income				
Foreign exchange earnings	45,813	42,881	45,813	42,881
Fees	15,967	9,736	15,774	9,566
Commissions	2,466	1,823	2,466	1,823
	64,246	54,440	64,053	54,270

Foreign exchange earnings represents commission income from the sale of foreign currency and other related transactions.

Fees and commissions represent income from processing currency, Bureau de Change application and registration, commission on fund transfers and other banks and financial institutions application and licensing fees.

Fees and commission income are recognised at a point in time.

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
8 Net fair value gains on financial instruments				
Net realised gains on financial assets at FVTPL	50,183	80	50,183	80
Unrealised fair value gain on other foreign securities at FVTPL	-	61,848	-	61,848
	50,183	61,928	50,183	61,928

The unrealised fair value gain on other foreign securities at fair value through profit or loss (FVTPL) includes the impact of fair value changes due to movement in the fair value of debt securities classified as FVTPL. Net realised gain/(loss) on FVTPL instruments includes the results of buying and selling of financial assets and liabilities.

(All amounts are in millions of Naira, unless otherwise stated)

			Group		Bank	
			2019	2018	2019	2018
9	**Other operating income**		N'million	N'million	N'million	N'million
	Fair value gains on Gold Bullion	(Notes 9c & 16g)	379,933	-	379,933	-
	Net realised gains on derivative instruments		300,839	525,720	300,839	525,720
	Realised gains/(losses) on foreign exchange revaluation	(Note 9a)	260,766	(1,403,749)	261,772	(1,403,749)
	Unrealised (losses)/gains on foreign exchange revaluation	(Note 9a)	(49,763)	1,647,417	(49,763)	1,648,468
	Gains on derecognition of financial assets	(Note 9d)	95,753	-	95,753	-
	Dividend income		4,821	1,307	13,058	8,448
	Bank notes and security documents revenue		-	1,174	-	-
	Agency income		-	355	-	-
	Other income	(Note 9b)	50,038	79,593	49,590	75,002
	Gains on sale of property, plant and equipment		2	-	2	-
	Recoveries from OTC FX Futures		2,370	-	2,370	-
			1,044,759	851,817	1,053,554	853,889

9a The foreign exchange revaluation gains/(losses) represent foreign exchange differences arising from the translation of debt instruments denominated in foreign currencies that are included in external reserves.

9b Other income consist of sale of bank publications and foreign exchange forms, service charge for Banking operation, supplier management fees, penalties account for late/non-submission, museum souvenir sales, Commercial Agriculture Credit penalty and surcharges and Investment income on OTC FX Margin Funding.

9c This represents the fair value gain on Gold Bullion during the year. For the year ended 31 December 2019, the Bank has applied the accounting guidelines issued by the Financial Reporting Council of Nigeria and had measured its Gold Bullion at fair value through profit or loss to better match the possible effects of any provision for gold price risk. This policy has been applied prospectively by the Bank (see note 16g for the movement analysis).

9d Gains on derecognition of financial assets represents the difference between the carrying amount of a receivable from the Federal Government and the consideration received ,being equity investments in African Export-Import Bank (Afrexim) which was measured at fair value at the date of recognition.

10 Net change in fair value during the year of financial assets at FVOCI

The below shows the net change in fair value during the year recorded in other comprehensive income;

		Group		Bank	
		2019	2018	2019	2018
		N'million	N'million	N'million	N'million
Debt instruments at FVOCI	(Note 19)	94	(20)	94	(20)
Equity instruments at FVOCI	(Note 19)	8,769	(1,941)	8,769	(1,941)
		8,863	(1,961)	8,863	(1,961)

		Group		Bank	
		2019	2018	2019	2018
11	**Personnel expenses**	N'million	N'million	N'million	N'million
	Other staff allowances	102,232	72,066	102,232	71,945
	Defined benefit plan expenses (Note 28)	17,245	21,896	17,239	21,896
	Wages and salaries	28,071	22,505	21,888	15,009
	Other staff expenses (Note 11a)	10,515	10,747	10,515	10,747
	Pension costs – Defined contribution plan (Note 28)	9,971	10,147	9,971	9,640
		168,034	137,361	161,845	129,237

11a Other staff expenses includes medical expenses, gratuity paid to retired staff, vehicle grant allowance and other staff provisions.

		Group		Bank	
		2019	2018	2019	2018
12	**Currency issue expenses**	N'million	N'million	N'million	N'million
	Currency issue expenses	10,207	14,165	85,300	74,453
		10,207	14,165	85,300	74,453

		Group		Bank	
		2019	2018	2019	2018
13	**Other operating expenses**	N'million	N'million	N'million	N'million
	Administrative expenses	69,331	57,693	55,064	42,603
	Banking sector resolution sinking cost fund (note 13a)	50,000	50,000	50,000	50,000
	Intervention activities expenses (note 13b)	21,483	44,930	21,483	44,930
	Repairs and maintenance	7,087	7,246	6,728	6,320
	Bank charges	1,598	768	1,120	768
	Professional fees	749	864	635	697
	Directors' related expenses	617	776	617	536
	Audit fees	616	488	550	400
	Donations	249	230	249	230
	Losses on disposal of intangible assets	58	-	58	-
	OTC FX futures transaction fee expense	16	12	16	12
	Technical Assistance Expense	-	1,040	-	1,040
	Losses on sale of property, plant and equipment	117	171	-	142
	Property, plant and equipment write-off	1,390	-	-	-
	Cost of sales (13c)	43,739	25,655	-	-
		197,050	189,873	136,520	147,678

13a The Banking sector resolution sinking cost fund represents the annual contribution by CBN to the Banking Sector Resolution Sinking Cost Fund.

13b Intervention activities expenses represents expenses carried out by CBN in connection with national security, federal government, state securities, armed forces where there is important need for the fund. During the year, the Group elected to change the method of accounting for payments made in respect of intervention activities. All payments made in relation to intervention activities embarked on by the Group are expensed as incurred. However, payments made by the Group in relation to intervention activities on behalf of the Federal Government are recognised as receivables and are fully impaired after 12 months if the amount is not received from the Federal Government.

13c Cost of sales relates to the expenses incurred by one of the subsidiaries in respect of production of currency notes and coins. They include cost of raw materials, employee benefit expenses relating to production staff, electricity and diesel expenses, depreciation and repairs and maintenance.

(All amounts are in millions of Naira, unless otherwise stated)

14 Credit loss expense/(reversal)

The table below shows the ECL charges on financial instruments other than trade receivables for the year recorded in the income statement:

31 December 2019

Group

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
External reserves	Note 16	(3,329)	-	-	(3,329)
Loans and receivables	Note 18	98,146	-	53,283	151,429
Other assets	Note 22	(86,230)	-	-	(86,230)
Loan commitments	Note 32	20,252	-	-	20,252
Total impairment loss		28,839	-	53,283	82,122

The below shows the ECL charges on trade receivables for the year recorded in the income statement:

Trade receivables (Note 18)	636
Total credit loss expenses	82,758

31 December 2018
Group

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
External reserves	Note 16	2,785	-	-	2,785
Loans and receivables	Note 18	684	-	(427,358)	(426,674)
Other assets	Note 22	15,114	-	-	15,114
Loan commitments	Note 32	(335)	-	(886)	(1,221)
Total impairment reversal		18,248	-	(428,244)	(409,997)

The below shows the ECL charges on trade receivables for the year recorded in the income statement:

Trade receivables	56
Total credit loss reversal	(409,941)

31 December 2019
Bank

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
External reserves	Note 16	(3,329)	-	-	(3,329)
Loans and receivables	Note 18	97,973	-	53,283	151,256
Other assets	Note 22	(86,230)	-	-	(86,230)
Loan commitments	Note 32	20,252	-	-	20,252
Total impairment loss		28,666	-	53,283	81,949

31 December 2018
Bank

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
External reserves	Note 16	2,785	-	-	2,785
Loans and receivables	Note 18	684	-	(427,358)	(426,674)
Other assets	Note 22	15,114	-	-	15,114
Loan commitments	Note 32	(335)	-	(886)	(1,221)
Total impairment reversal		18,248	-	(428,244)	(409,997)

15 Taxation
15a Income tax expense

Bank
The Bank is not subject to tax in respect of its functions under the Central Bank of Nigeria Act. CBN is exempted from the payment of income tax under the Companies Income Tax Act 1979. The Group's tax expense arose from its subsidiaries.

Group

Consolidated income statement	Group		Bank	
	2019	2018	2019	2018
Current income tax	N'million	N'million	N'million	N'million
Income tax	6,208	8,587	-	-
Education tax	414	38	-	-
ITF levy	22	19	-	-
Under/(over) provision in prior years	128	(3,405)	-	-
	6,772	5,239	-	-
Deferred tax				
Relating to origination and reversal of temporary differences (Note 15c)	560	2,494	-	-
Income tax expense reported in the income statement	7,332	7,733	-	-

(All amounts are in millions of Naira, unless otherwise stated)

15 Taxation - continued

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows:

Reconciliation of effective tax rate	**Group**		**Bank**	
	2019	**2018**	**2019**	**2018**
	N'million	**N'million**	**N'million**	**N'million**
Profit before tax	**41,970**	**51,503**	**2,966**	**4,215**
Tax calculated at 30%	12,591	15,450	-	-
Adjusted for:				
Under/(over) provision in prior years	128	(3,405)	-	-
ITF levy	22	19	-	-
Education tax	414	38	-	-
Share of results of associates	(10,090)	(7,073)	-	-
Tax exempt income	(771,240)	(528,209)	-	-
Tax exempt expenses	775,507	530,913	-	-
At the effective income tax rate of 17% (2018: 15%)	7,332	7,733	-	-

15b Current income tax payable
The movement in tax at the end of the year is as follows:

	Group		**Bank**	
	2019	**2018**	**2019**	**2018**
	N'million	**N'million**	**N'million**	**N'million**
At 1 January	3,041	1,008	-	-
Payments during the year	(1,061)	(603)	-	-
WHT utilized during the year	(280)	(2,603)	-	-
Under/(over) provision in prior years	128	(3,405)		
Charge for the year:				
Income tax	6,208	8,587	-	-
Education tax	414	38	-	-
ITF levy	22	19	-	-
At 31 December	8,472	3,041	-	-

15c Deferred tax
Deferred tax relates to the following:

	Group			
	Statement of financial position		**Income statement**	
	2019	**2018**	**2019**	**2018**
	N'million	**N'million**	**N'million**	**N'million**
Accelerated depreciation for tax purposes	11,428	10,951	477	2,494
Post employment benefits	-	(83)	83	-
Deferred tax expense			**560**	**2,494**
Net deferred tax liabilities	**11,428**	**10,868**		

Reflected in the statement of financial position as follows:

Deferred tax liabilities	11,428	10,868
Deferred tax liabilities	**11,428**	**10,868**

Reconciliation of deferred tax liabilities

	Group		**Bank**	
	2019	**2018**	**2019**	**2018**
	N'million	**N'million**	**N'million**	**N'million**
At 1 January	10,868	8,374	-	-
Tax expense during the period recognised in income statement	560	2,494	-	-
As 31 December	**11,428**	**10,868**	-	-

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % (2018: 30 %).

The analysis of deferred tax liabilities is as follows:

	Group		**Bank**	
	2019	**2018**	**2019**	**2018**
	N'million	**N'million**	**N'million**	**N'million**
Deferred tax liabilities:				
- Deferred tax liability to be settled after more than 12 months	11,428	10,868	-	-
	11,428	**10,868**	-	-

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(All amounts are in millions of Naira, unless otherwise stated)

	Group 2019	Group 2018	Bank 2019	Bank 2018
16 External reserves	N'million	N'million	N'million	N'million
Convertible currencies (Notes 16a and 16b)	13,915,819	16,376,561	13,915,819	16,376,561
International Monetary Fund Reserve tranche	23	23	23	23
Gold Bullion (Notes 16g)	379,952	19	379,952	19
	14,295,794	16,376,603	14,295,794	16,376,603

Maturity analysis

	Group 2019	Group 2018	Bank 2019	Bank 2018
	N'million	N'million	N'million	N'million
Current	9,630,633	12,145,406	9,630,633	12,145,406
Non-current	4,665,161	4,231,197	4,665,161	4,231,197
	14,295,794	16,376,603	14,295,794	16,376,603

	Group 2019	Group 2018	Bank 2019	Bank 2018
16a Convertible currencies comprise:	N'million	N'million	N'million	N'million
-Time deposits and money placements	6,611,914	8,781,465	6,611,914	8,781,465
-Other foreign securities (Note 16c)	4,305,261	4,248,608	4,305,261	4,248,608
-Current accounts with foreign Banks	444,953	367,053	444,953	367,053
-Domiciliary accounts	2,335,810	2,892,170	2,335,810	2,892,170
-Sundry currencies and travellers' cheques	219,303	92,016	219,303	92,016
	13,917,241	16,381,312	13,917,241	16,381,312
Less: Allowance for expected credit losses	(1,422)	(4,751)	(1,422)	(4,751)
	13,915,819	16,376,561	13,915,819	16,376,561

Included in convertible currencies (Time deposits and money placements, other foreign securities and domiciliary accounts) is an amount of N3,112 billion (31 December 2018: N4,530 billion), which represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts for letters of credit transactions and other purposes. The corresponding liability for this amount is included in deposits. (See Note 25b).

	Group 2019	Group 2018	Bank 2019	Bank 2018
16b Convertible currencies are further analysed by currency as follows:	N'million	N'million	N'million	N'million
United States Dollar	12,485,818	15,361,260	12,485,818	15,361,260
Chinese Renminbi	1,141,126	751,964	1,141,126	751,964
British Pounds Sterling	123,657	110,952	123,657	110,952
Euro	57,545	60,925	57,545	60,925
Japanese Yen	14,591	14,950	14,591	14,950
Others	93,082	76,510	93,082	76,510
	13,915,819	16,376,561	13,915,819	16,376,561

	Group 2019	Group 2018	Bank 2019	Bank 2018
16c Other foreign securities are further analysed as follows:	N'million	N'million	N'million	N'million
Externally managed fund	3,042,370	3,259,796	3,042,370	3,259,796
Internally managed fund	1,262,891	988,812	1,262,891	988,812
	4,305,261	4,248,608	4,305,261	4,248,608

	Group 2019	Group 2018	Bank 2019	Bank 2018
16d Other foreign securities are further analysed as follows:	N'million	N'million	N'million	N'million
Short term deposits	18,653	12,702	18,653	12,702
Debt securities:				
- FVTPL	2,752,955	3,263,070	2,752,955	3,263,070
- Amortised cost	1,262,891	988,812	1,262,891	988,812
Derivatives:				-
- Futures contract	(445)	(267)	(445)	(267)
- Forward contracts	271,207	(15,709)	271,207	(15,709)
	4,305,261	4,248,608	4,305,261	4,248,608

Included in other foreign securities is cash received from Goldman Sachs. The Group entered into a securities lending agreement with Goldman Sachs and as part of the agreement, the Group lent its holdings on FGN Bonds in return for cash.

16e Cash and bank balances

	Group 2019	Group 2018	Bank 2019	Bank 2018
	N'million	N'million	N'million	N'million
Cash at bank (local and foreign)	234,681	18,954	-	-
Cash and bank balances	234,681	18,954	-	-

Cash and cash equivalents comprise time deposits, balances with local and foreign banks and sundry currency balances.

(All amounts are in millions of Naira, unless otherwise stated)

16 External reserves - continued

16e Cash and bank balances - continued

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

		Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Time deposits and money placements		6,611,914	8,781,465	6,611,914	8,781,465
Current accounts with foreign banks		444,953	368,350	444,953	367,053
Domiciliary accounts		2,335,810	2,892,170	2,335,810	2,892,170
Cash at bank (local and foreign)		234,661	18,954	-	-
IMF Holdings of Special Drawing Rights (Note 17a)		747,143	639,070	747,143	639,070
Other foreign securities - short term deposits		18,653	12,702	18,653	12,702
Sundry currencies and travellers' cheques		219,303	92,016	219,303	92,016
		10,612,437	12,804,726	10,377,776	12,784,476
Less: Restricted cash	(Note 16e(i))	(81,673)	-	(81,673)	-
		10,530,764	12,804,726	10,296,103	12,784,476

16e(i) Included in current account with foreign banks is an amount of N81.67 billion ($224 million), which represents restricted cash of N72.90 billion ($200 million) to Process and Industrial Developments Limited (P&ID) on behalf of the Federal Government of Nigeria and N8.77 billion ($24.06 million) to AIC Limited on behalf of the Federal Airport Authority of Nigeria (FAAN).

16f Convertible currencies that are subject to impairment under IFRS 9 are as follows:

		Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Amortised cost					
-Time deposits and money placements	(Note 16a)	6,611,914	8,781,465	6,611,914	8,781,465
-Other foreign securities:					
Short term deposits	(Note 16d)	18,653	12,702	18,653	12,702
Debt securities	(Note 16d)	1,262,891	988,812	1,262,891	988,812
-Current accounts with foreign banks	(Note 16a)	444,953	367,053	444,953	367,053
-Domiciliary accounts	(Note 16a)	2,335,810	2,892,170	2,335,810	2,892,170
-Sundry currencies and travellers' cheques	(Note 16a)	219,303	92,016	219,303	92,016
		10,893,524	13,134,218	10,893,524	13,134,218

Convertible currencies that are not subject to impairment under IFRS 9 are as follows:
FVTPL

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
-Other foreign securities:				
Debt securities (Note 16d)	2,752,955	3,263,070	2,752,955	3,263,070
- Derivatives:				
- Futures contract (Note 16d)	(445)	(267)	(445)	(267)
- Forward contracts (Note 16d)	271,207	(15,709)	271,207	(15,709)
	3,023,717	3,247,094	3,023,717	3,247,094
	13,917,241	16,381,312	13,917,241	16,381,312

Impairment allowance for external reserve

The allowance for ECL below are for convertible currencies and International Monetary Fund Reserve Tranche at amortised cost and FVOCI.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's external grading system are explained in Note 3.2.4.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

External rating grade (S&P)	2019 Stage 1 N'million	2019 Stage 2 N'million	2019 Stage 3 N'million	2019 Total N'million	2018 Stage 1 N'million	2018 Stage 2 N'million	2018 Stage 3 N'million	2018 Total N'million
Performing								
High grade (AAA - A)	9,496,875	-	-	9,496,875	5,177,702	-	-	5,177,702
Standard grade (BBB - B)	1,396,649	-	-	1,396,649	7,956,516	-	-	7,956,516
Total	10,893,524	-	-	10,893,524	13,134,218	-	-	13,134,218

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to external reserves is as follows:

2019	Stage 1 N'million	Stage 2 N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2019	13,134,218	-	-	13,134,218
New assets originated or purchased	698,048	-	-	698,048
Assets derecognised or repaid (excluding write offs)	(2,938,742)	-	-	(2,938,742)
At 31 December 2019	10,893,524	-	-	10,893,524

2018	Stage 1 N'million	Stage 2 N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2018	11,041,921	-	-	11,041,921
New assets originated or purchased	3,170,853	-	-	3,170,853
Assets derecognised or repaid (excluding write offs)	(1,078,556)	-	-	(1,078,556)
At 31 December 2018	13,134,218	-	-	13,134,218

(All amounts are in millions of Naira, unless otherwise stated)

16 External reserves (continued)

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019		4,751	-	-	4,751
New assets originated or purchased	Note 14	1,274	-	-	1,274
Assets derecognised or repaid (excluding write offs)	Note 14	(4,603)	-	-	(4,603)
At 31 December 2019		1,422	-	-	1,422

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018		1,966	-	-	1,966
New assets originated or purchased	Note 14	2,785	-	-	2,785
At 31 December 2018		4,751	-	-	4,751

Financial assets that have low credit risk were assessed for 12-months expected credit and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of the Bank, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero.

16g Movement analysis for Gold Bullion

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Balance as at 1 January	19	19	19	19
Fair value gains on Gold Bullion (Note 9)	379,933	-	379,933	-
Balance as at 31 December	379,952	19	379,952	19

17 International Monetary Fund (IMF) related balances

	Group				Bank			
	2019		2018		2019		2018	
	SDR'million	N'million	SDR'million	N'million	SDR'million	N'million	SDR'million	N'million
Assets								
Holdings of Special Drawing Rights - Note 17a	1,499	747,143	1,499	639,070	1,499	747,143	1,499	639,070
Quota in IMF - Note 17b	2,039	1,016,290	2,279	1,046,449	2,039	1,016,290	2,279	1,046,449
	3,538	1,763,433	3,778	1,685,519	3,538	1,763,433	3,778	1,685,519
Liabilities								
IMF Account No. 1	7	3,465	8	3,465	7	3,465	8	3,465
IMF Account No. 2	-	23	-	26	-	23	-	26
IMF Securities	1,935	964,363	2,271	994,521	1,935	964,363	2,271	994,521
Total IMF liabilities - Note 17c	1,941	967,851	2,279	998,012	1,941	967,851	2,279	998,012
Allocation of Special Drawing Rights - Note 17d	1,675	835,174	1,675	714,179	1,675	835,174	1,675	714,179
	3,617	1,803,025	3,954	1,712,191	3,617	1,803,025	3,954	1,712,191

The Central Bank of Nigeria is the fiscal and depository agent of the Federal Republic of Nigeria for transactions with the International Monetary Fund (IMF). Special Drawing Rights (SDR) are issued by the International Monetary Fund (IMF) to member countries and represent allocations available to these member countries in managing and meeting their sovereign payment obligations. Financial resources availed to Nigeria by the Fund are channeled through the Bank. The Bank presents the holdings and allocations of the IMF SDR as an asset and liability, respectively, in the statement of financial position. Repayment of the IMF loans as well as charges is the responsibility of the Bank. The SDR balances in IMF accounts are translated into Naira and any unrealized gains or losses are netted off in Other assets (receivable from Federal Government of Nigeria in respect of SDR). The IMF calculates the daily value of the SDR in terms of the United States of America (US) Dollars by reference to a valuation basket of four currencies (USD, GBP, Euro & Japanese Yen).

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
17a IMF Holdings of Special Drawing Rights	747,143	639,070	747,143	639,070
At 1 January	639,070	650,825	639,070	650,825
Interest earned during the year	7,869	6,206	7,869	6,206
Interest charged during the year	(8,048)	(6,352)	(8,048)	(6,352)
Exchange gains/(losses)	108,252	(11,609)	108,252	(11,609)
At 31 December	747,143	639,070	747,143	639,070

Maturity analysis

	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Current	747,143	639,070	747,143	639,070
	747,143	639,070	747,143	639,070

	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
17b Quota in International Monetary Fund	1,016,290	1,046,449	1,016,290	1,046,449
At 1 January	1,046,449	1,002,558	1,046,449	1,002,558
Exchange (loss)/gain	(30,159)	43,891	(30,159)	43,891
At 31 December	1,016,290	1,046,449	1,016,290	1,046,449

(All amounts are in millions of Naira, unless otherwise stated)

17 International Monetary Fund (IMF) related balances - continued

Maturity analysis

	2019 N'million	2018 N'million	2019 N'million	2018 N'million
Non-current	1,016,290	1,046,449	1,016,290	1,046,449
	1,016,290	**1,046,449**	**1,016,290**	**1,046,449**

The quota in International Monetary Fund is the reserve tranche held with the IMF by member states. It represents non-interest bearing instrument.

Financial assets that have low credit risk were assessed for 12-months expected credit losses and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of CBN's role, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero.

	2019 N'million	2018 N'million	2019 N'million	2018 N'million
17c IMF related liabilities	**967,851**	**998,012**	**967,851**	**998,012**
At 1 January	998,012	954,121	998,012	954,121
Exchange (losses)/gains	(30,161)	43,891	(30,161)	43,891
At 31 December	**967,851**	**998,012**	**967,851**	**998,012**

Maturity analysis

	2019 N'million	2018 N'million	2019 N'million	2018 N'million
Current	967,851	998,012	967,851	998,012
	967,851	**998,012**	**967,851**	**998,012**

IMF related liabilities represent other payables owed by the Bank to the General Resources Account of IMF.

	2019 N'million	2018 N'million	2019 N'million	2018 N'million
17d IMF allocation of Special Drawing Rights	**835,174**	**714,179**	**835,174**	**714,179**
At 1 January	714,179	727,153	714,179	727,153
Exchange gains/(losses)	120,995	(12,974)	120,995	(12,974)
At 31 December	**835,174**	**714,179**	**835,174**	**714,179**

Maturity analysis

	2019 N'million	2018 N'million	2019 N'million	2018 N'million
Current	835,174	714,179	835,174	714,179
	835,174	**714,179**	**835,174**	**714,179**

	Group		Bank	
	2019	**2018**	**2019**	**2018**
18 Loans and receivables	**N'million**	**N'million**	**N'million**	**N'million**
Asset Management Corporation of Nigeria (AMCON) Notes	4,058,006	4,083,430	4,058,006	4,083,430
Overdraft balances and short term advances	8,692,403	5,340,894	8,692,403	5,340,894
Long term loans	1,738,710	1,697,978	1,738,710	1,697,978
Bank of Industry Debenture (BOI)	535,000	535,000	535,000	535,000
Bank of Industry Loan (BOI)	101,052	100,000	101,052	100,000
Real Sector Support Facility (RSSF)	230,718	185,487	230,718	185,487
Nigerian Mortgage Refinance Company Loan	37,613	37,599	37,613	37,599
Other loans	115,073	156,616	116,255	156,616
Nigerian Treasury Bonds	31,036	45,020	31,036	45,020
NESI Stabilization Strategy Limited loan	-	-	190,458	183,091
NESI NBET Payment Assurance Facility	724,821	534,181	724,821	534,181
Loans to Deposit Money Banks on Commercial Agricultural Credit Scheme	288,752	296,225	288,752	296,225
Micro Small and Medium Entreprise loans	261,421	228,052	261,421	228,052
Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Debenture (NIRSAL)	-	-	76,637	75,912
Staff loans	14,363	18,605	14,363	18,392
NHFP Subordinated loan to MFB	379	601	379	601
6% Perpetual Debentures in Nigerian Export Import Bank (NEXIM)	1,293	1,274	1,293	1,274
Advances to Federal Mortgage Bank of Nigeria	9	9	9	9
Trade receivables	145,017	172,212	-	-
Export Development Facility	50,855	50,855	50,855	50,855
Non oil export facility	26,559	20,450	26,559	20,450
Anchor Borrowers' programme	34,274	-	37,184	-
Accelerated Agricultural Development	5,982	-	5,982	-
Africa Finance Corporation	80,940	-	80,940	-
Promissory Notes	265,812	-	265,812	-
NESI Stabilization Strategy Limited Debenture	-	-	218,670	-
	17,440,088	**13,504,488**	**17,784,928**	**13,591,066**
Less: Allowance for ECL/impairment losses	(354,683)	(202,618)	(353,590)	(202,334)
	17,085,405	**13,301,870**	**17,431,338**	**13,388,732**

(All amounts are in millions of Naira, unless otherwise stated)

18 Loans and receivables - continued

Maturity analysis

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Current	145,017	172,212	-	-
Non-current	16,940,388	13,129,658	17,431,338	13,388,732
	17,085,405	13,301,870	17,431,338	13,388,732

Group

Impairment allowance for loans and receivables

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

	2019				2018			
External rating grade (S&P)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Performing								
Standard grade (BBB - B)	12,687,057	-	4,209,435	16,896,492	8,763,597	-	4,131,486	12,895,083
Sub-standard grade (CCC - CC)	14,364	-	53,212	67,576	18,393	-	-	18,393
Non-performing								
Individually impaired	33,989	-	442,031	476,020	487	-	590,525	591,012
Total	12,735,410	-	4,704,678	17,440,088	8,782,477	-	4,722,011	13,504,488

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and receivables is as follows:

	2019				2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January	8,782,477	-	4,722,011	13,504,488	5,945,508	-	4,910,459	10,855,967
New assets originated or purchased	4,193,495	-	-	4,193,495	3,127,297	-	-	3,127,297
Assets derecognised or repaid (excluding write offs)	(153,747)	-	(104,149)	(257,896)	(49,405)	-	(429,371)	(478,776)
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	(240,923)	240,923	-	-
Transfers to stage 3	(86,815)	-	86,815	-	-	(240,923)	240,923	-
At 31 December	12,735,410	-	4,704,678	17,440,088	8,782,477	-	4,722,011	13,504,488

		2019				2018			
ECL - Loans and receivables excluding trade receivables		**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
		N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
ECL allowance as at 1 January		9,789	-	192,545	202,334	9,105	-	619,903	629,008
New assets originated or purchased	Note 14	167,246		-	167,246	38,522	-	-	38,522
Assets derecognised or repaid (excluding write offs)	Note 14	(10,334)	-	(9,884)	(20,218)	(723)	-	(10,164)	(10,887)
Transfers to stage 1		-	-	-	-	-	-	-	-
Transfers to stage 2		-	-	-	-	(37,115)	37,115	-	-
Transfers to stage 3		(58,766)	-	58,766	-	-	(37,115)	37,115	-
Impact on ECL of transfers	Note 14	-	-	4,401	4,401				-
Recoveries	Note 14	-	-	-	-	-	-	(454,309)	(454,309)
At 31 December		107,935	-	245,828	353,763	9,789	-	192,545	202,334

Bank

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

	2019				2018			
External rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Performing								
Standard grade (BBB - B)	13,031,898	-	4,209,435	17,241,333	8,850,176	-	4,131,487	12,981,663
Sub-standard grade (CCC - CC)	14,364	-	53,212	67,576	18,392	-	-	18,392
Non-performing								
Individually impaired	33,989	-	442,031	476,020	487	-	590,524	591,011
Total	13,080,251	-	4,704,678	17,784,928	8,869,055	-	4,722,011	13,591,066

(All amounts are in millions of Naira, unless otherwise stated)

18 Loans and receivables - continued

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and receivables is as follows:

	2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January	8,869,055	-	4,722,011	13,591,066	6,029,755	-	4,910,459	10,940,212
New assets originated or purchased	4,465,215	-	-	4,465,215	3,127,296	-	-	3,127,296
Assets derecognised or repaid (excluding write offs)	(167,204)	-	(104,149)	(271,353)	(47,073)	-	(429,371)	(476,442)
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	(240,923)	240,923	-	-
Transfers to stage 3	(86,815)	-	86,815	-	-	(240,923)	240,923	-
At 31 December	13,080,251	-	4,704,678	17,784,928	8,869,055	-	4,722,011	13,591,066

		2019				2018			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
ECL allowance as at 1 January		9,789	-	192,545	202,334	9,105	-	619,903	629,008
New assets originated or purchased	Note 14	167,073	-	-	167,073	38,522	-	-	38,522
Assets derecognised or repaid (excluding write offs)	Note 14	(10,334)	-	(9,884)	(20,218)	(723)	-	(10,164)	(10,888)
Transfers to stage 1		-	-	-	-	-	-	-	-
Transfers to stage 2		-	-	-	-	(37,115)	37,115	-	-
Transfers to stage 3		(58,766)	-	58,766	-	-	(37,115)	37,115	-
Impact on ECL of transfers	Note 14	-	-	4,401	4,401	-	-	-	-
Recoveries	Note 14	-	-	-	-	-	-	(454,309)	(454,309)
At 31 December		107,762	-	245,828	353,590	9,789	-	192,545	202,334

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 3.2

18a Impairment on Trade receivables

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Group	
	2019	2018
	N'million	N'million
As at 1 January	284	228
Charge for the year (Note 14)	636	56
As at 31 December	920	284

Overdraft balances and short-term advances:
Overdraft balances represent lending to customers and are collateralized by Nigerian treasury bills and Federal Government bonds.

Bank of Industry Debenture (BOI):
The Bank purchased N535 billion debenture stocks issued by the Bank of Industry (BOI) in 2010. The investment is to fund intervention activities initiated by the Bank and was executed through the BOI. The sum of N300 billion will be applied to power projects, N200 billion applied to the refinancing/ restructuring of Deposit Money Bank's existing loan portfolios to Nigerian small and medium scale enterprise and manufacturing sector with N35 billion to the manufacturing sector.

Long-term loans:
Long-term loans consist of facilities granted to AMCON, FGN and other banks.

Other loans:
Other loans represent facilities given to distressed and liquidated banks.

6% Perpetual Debentures in Nigerian Export Import Bank (NEXIM)
This refers to CBN's investment in debentures of the Nigerian Export Import Bank (NEXIM). There was no movement on the account during the year.

Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending (NIRSAL) Debenture
The Bank invested in N72.5 debenture stocks issued by NIRSAL Plc in 2014. The investment is to fund the agricultural financing mechanism initiated by the Bank to unlock and upscale lending, reduce transaction costs and establish sustainable financial delivery platforms for agricultural business in the country. The purpose is to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain.

(All amounts are in millions of Naira, unless otherwise stated)

19 Financial Investments other than those measured at FVTPL

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Debt instruments measured at FVOCI				
Government debt securities				
Nigerian Treasury Bills	44,074	2,184	44,074	2,184
FGN Bonds	349	347	349	347
Total debt instruments measured at FVOCI	**44,423**	**2,531**	**44,423**	**2,531**

Maturity analysis	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Current	44,074	2,184	44,074	2,184
Non-current	349	347	349	347
	44,423	**2,531**	**44,423**	**2,531**

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Equity instruments measured at FVOCI				
Nigeria Deposit Insurance Corporation (NDIC)	49,128	39,890	49,128	39,890
International Islamic Liquidity Management Corporation of Malaysia	3,243	3,712	3,243	3,712
African Export Import Bank (Afrexim)	114,285	-	114,285	-
Total equity instruments measured at FVOCI	**166,656**	**43,602**	**166,656**	**43,602**

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Debt instruments at amortised cost				
Government debt securities				
Investment in AMCON Bonds	915,502	901,957	915,502	901,957
FGN Bonds	1,775,576	1,769,055	1,685,996	1,678,170
Nigerian Treasury Bills	390,021	337,944	388,071	323,408
	3,081,099	**3,008,957**	**2,989,569**	**2,903,535**
Other debt securities				
Corporate Bonds	10,605	3,697	-	-
Investment in FARMSMART	425	630	-	-
	11,030	**4,327**	-	-
Total debt instruments at amortised cost	**3,092,129**	**3,013,284**	**2,989,569**	**2,903,535**

Maturity analysis	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Current	400,626	341,641	388,071	323,408
Non-current	2,691,503	2,671,643	2,601,498	2,580,127
	3,092,129	**3,013,284**	**2,989,569**	**2,903,535**

More information regarding the valuation methodologies can be found in Note 3.5.

19a Equity investments at FVOCI

	Nigeria Deposit Insurance Corporation (NDIC) N'million	International Islamic Liquidity Management Corporation of Malaysia N'million	African Export Import Bank (Afrexim) N'million	Total N'million
Cost as at 1 January 2018	43,346	2,197	-	45,543
Fair value loss/(gain) during the year	(3,456)	1,515	-	(1,941)
Balance as at 31 December 2018	**39,890**	**3,712**	-	**43,602**
Investment during the year	-	-	114,285	114,285
Fair value gain/loss during the year	9,238	(469)	-	8,769
Balance as at 31 December 2019	**49,128**	**3,243**	**114,285**	**166,656**

As at year ended 31 December 2019, valuation experts carried out the valuation of these investments using the Market approach (corroborative calculations). This method considered assumptions and valuation inputs in arriving at the fair value of the investment as at the end of the reporting period and this gave rise to fair value gains/(losses) on NDIC and IILMC.

Equity investment in International Islamic Liquidity Management Corporation of Malaysia (IILMC)

The International Islamic Liquidity Management Corporation is an international institution established on 25 October 2010 by central banks, monetary authorities and multilateral organisations to create and issue short-term Shari'ah-compliant financial instruments to facilitate effective cross-border Islamic liquidity management. By creating more liquid Shari'ah-compliant financial markets for institutions offering Islamic financial services (IIFS), the IILM aims to enhance cross-border investment flows, international linkages and financial stability. The Bank holds an investment in the equity of IILMC. The Bank paid a total of USD 5,000,000 since the establishment of IILMC. The proportion of the Bank equity interest to the total holding in this Corporation is 6.67%. These shares are measured at fair value with gains/losses recognised in OCI.

(All amounts are in millions of Naira, unless otherwise stated)

19 Financial investments other than those measured at FVTPL - continued

Equity investment in Nigeria Deposit Insurance Corporation (NDIC)
The Nigeria Deposit Insurance Corporation (NDIC) was set up to insure all deposit liabilities of licensed banks and other insured financial institutions so as to engender confidence in the Nigerian banking system; to give assistance to insured institutions in the interest of depositors, in case of imminent or actual financial difficulties of banks particularly where suspension of payments is threatened, and avoiding damage to public confidence in the Banking system; to guarantee payments to depositors, in case of imminent or actual suspension of payments by insured institutions up to the maximum as provided and to assist monetary authorities in the formulation and implementation of policies so as to ensure sound Banking practice and fair competition among insured institutions in the Nigeria. The Bank holds an investment in the equity of Nigeria Deposit Insurance Corporation (NDIC). The Bank paid a total of N1.38billion since the establishment of NDIC. The proportion of the Bank equity interest to the total holding in this institution is 60%. However, the Federal Ministry of Finance which holds the remaining 40% has power to direct the relevant activities of the Corporation. These shares are measured at fair value with gains/losses recognised in OCI.

Equity investment in African Export Import Bank (Afrexim)
The African Export - Import Bank was set up in October 1993 for the purpose of stimulating a consistent expansion, diversification and development of African trade to rapidly increase Africa's share of global trade. Afreximbank has four classes of shares – A, B, C and D. The Bank's investment falls under the "Class A" shares which are held by African Governments/States, their public institutions or their designated institutions, including continental, regional, and sub-regional financial institutions. The proportion of the Bank equity interest to the total holding in this institution is 5.81%.

19b Reconciliation of net gains/losses recognised in OCI and fair value reserve on debt instruments at FVOCI:

	Bank		
	Unquoted equity instruments N'million	Quoted debt instruments N'million	Total N'million
As at 1 January 2018	44,163	13	44,176
Remeasurement recognised in OCI (Note 10)	(1,941)	(20)	(1,961)
As at 31 December 2018	42,222	(7)	42,215
Remeasurement recognised in OCI (Note 10)	8,769	94	8,863
As at 31 December 2019	50,991	87	51,078

20 Investments in subsidiaries	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Nigerian Security Printing and Minting Plc. (NSPM)	-	-	42,891	42,891
Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL)	-	-	2,500	2,500
NESI Stabilization Strategy Limited (NESI)	-	-	10	10
Total investments	-	-	45,401	45,401

Maturity analysis

	2019 N'million	2018 N'million
Non-current	45,401	45,401
	45,401	45,401

Percentage shareholding

CBN holds 89.52% equity interest in NSPM Plc. The subsidiary is held by CBN to meet its functions as a Central bank and is thus of a long standing nature. NSPM is a company whose main business activity is the printing and minting of Nigerian banknotes and coins respectively. It also prints security documents and products for other businesses. The investment in NSPM is carried at cost less impairment in the separate financial statements. The principal place of business and country of incorporation is in Abuja, Nigeria.

CBN has not made any capital commitments to NSPM. The risk that CBN is exposed to as a result of controlling NSPM is limited to providing additional capital in the event that NSPMC fails to meet its own working capital requirements.

The CBN holds 100% equity interest in NIRSAL. The subsidiary was set up by the CBN to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain. The principal place of business and country of incorporation is in Abuja, Nigeria.

The CBN has capital commitments of N699 million to NIRSAL. The risk that the CBN is exposed to as a result of controlling NIRSAL is limited to providing additional capital in the event that NIRSAL fails to meet its own working capital requirements. The additional investment in NIRSAL relates to below market rate debenture issued by NIRSAL to CBN.

The CBN holds 99.99% equity interest in NESI. NESI is a company whose primary activities are to promote long term sustainability and efficiency of the Nigeria Electricity Supply Industry through the initiation and encouragement of programmes and the creation of mechanisms and processes fundamental to the growth and bankability of the Nigerian Electricity Supply Industry. The principal place of business and country of incorporation is in Abuja, Nigeria.

The CBN has capital commitments on N147.87 billion to NESI. The risk that the CBN is exposed to as a result of controlling NESI is limited to providing additional capital in the event that NESI fails to meet its own working capital requirements.

(All amounts are in millions of Naira, unless otherwise stated)

20 Investments in subsidiaries (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

(a) Nigerian Security Printing and Minting Plc. (NSPM)

Summarised statement of profit or loss and other comprehensive income

	2019 N'million	2018 N'million
Revenue	75,093	61,462
Cost of sales	(47,140)	(32,294)
Administrative expenses	(7,907)	(8,185)
Other operating income	227	720
Finance income	-	(1,045)
Finance costs	(1,767)	(1,476)
Profit on ordinary activities before tax	18,506	19,182
Income tax expense	(5,922)	(4,132)
Profit after tax	12,584	15,050
Remeasurement of post employment benefit obligations	-	-
Deferred tax on remeasurement of post employment benefit obligation.	-	-
Total comprehensive income for the year	12,584	15,050
Attributable to:		
Equity holders of parent	12,352	14,786
Non-controlling interest	232	264

Summarised statement of financial position

	2019 N'million	2018 N'million
Inventories and cash and cash equivalents (current)	29,082	23,840
Property, plant and equipment and other non-current assets	56,762	66,568
Trade and other receivables and retirement benefit surplus	26,330	21,355
Trade and other payables (current)	(13,080)	(10,655)
Liabilities (non-current)	(16,220)	(16,779)
Other liabilities (current)	(6,380)	(11,701)
Total equity	76,494	72,628
Attributable to:		
Equity holders of parent	75,695	72,060
Non-controlling interest	799	568

Summarised cash flow information for year ended

	2019 N'million	2018 N'million
Operating	20,119	2,902
Investing	(3,603)	(1,966)
Financing	(12,419)	(9,338)
Net (decrease)/increase in cash and cash equivalents	4,097	(8,402)

	%	%
Proportion of equity interest held by non-controlling interests	10.48	10.48

	2019 N'million	2018 N'million
Accumulated balances of material non-controlling interests	232	264

(b) Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL)

Summarised statement of profit or loss and other comprehensive income

	2019 N'million	2018 N'million
Interest income	15,519	17,598
Interest expense	(2,543)	(2,392)
Other operating income	413	453
Administrative expenses	(1,330)	(2,090)
Other expenses	(11,348)	(9,093)
Profit on ordinary activities before tax	711	4,476
Income tax expense	-	-
Profit after tax	711	4,476

Summarised statement of financial position

	2019 N'million	2018 N'million
Cash and cash equivalents (current)	18,287	12,386
Investments	102,132	109,749
Other assets	18,523	20,163
Liabilities (non-current)	(85,259)	(89,577)
Other liabilities (current)	(7,787)	(4,918)
Total equity	45,896	47,803

Summarised cash flow information for year ended

	2019 N'million	2018 N'million
Operating	7,259	12,710
Investing	(12,297)	(12,940)
Net (decrease)/increase in cash and cash equivalents	(5,038)	(230)

(All amounts are in millions of Naira, unless otherwise stated)

20 Investments in subsidiaries (continued)

(c) NESI Stabilization Strategy Limited (NESI)

Summarised statement of profit or loss and other comprehensive income

	2019 N'million	2018 N'million
Interest income	14,652	13,749
Other income	-	61
Interest expense	(8,796)	(8,243)
Administrative expenses	(3,621)	(3,407)
Other expenses	(2)	(198)
Profit on ordinary activities before tax	2,233	1,960
Income tax expense	(765)	(606)
Profit after tax	1,468	1,355

Summarised statement of financial position

	2019 N'million	2018 N'million
Cash and cash equivalents (current)	278,793	32,585
Trade and other receivables (current)	140,107	153,577
Trade and other payables (current)	(971)	(254)
Liabilities (non-current)	(404,191)	(183,091)
Other liabilities (current)	(10,075)	(623)
Total equity	3,663	2,195

Summarised cash flow information for year ended

	2019 N'million	2018 N'million
Operating	11,589	1,390
Investing	13,537	(47,988)
Financing	221,100	62,880
Net increase/(decrease) in cash and cash equivalents	246,226	16,282

		Group		Bank	
21 Investments in associates	**Percentage shareholding**	**2019 N'million**	**2018 N'million**	**2019 N'million**	**2018 N'million**
Africa Finance Corporation (AFC)	43.58%	296,554	253,323	77,118	77,118
Nigerian Export Import Bank (NEXIM)	50%	20,046	19,490	25,000	25,000
Bank of Industry (BOI)	5.19%	18,637	16,794	7,655	7,655
Bank of Agriculture (BOA)	14%	-	-	4,027	4,027
Agricultural Credit Guarantee Scheme Fund (ACGSF)	40%	3,343	2,973	1,200	1,200
Nigeria Commodity Exchange (NCX)	59.7%	-	-	408	408
National Economic Reconstruction Fund (NERFUND)	4%	-	-	100	100
FMDQ-OTC Security Exchange	15.6%	2,975	1,283	100	100
Nigeria Inter-Bank Settlement System (NIBSS)	3.6%	717	591	53	53
Nirsal Microfinance Bank Ltd	40.0%	2,000	-	-	-
		344,273	294,454	115,661	115,661
Less: Impairment allowance (Note 21a)		-	-	(4,535)	(4,535)
		344,273	294,454	111,126	111,126

Maturity analysis

	2019 N'million	2018 N'million	2019 N'million	2018 N'million
Non-current	344,273	294,454	111,126	111,126
	344,273	294,454	111,126	111,126

21a A reconciliation of the allowance for impairment losses for investment in associates, by investees, is as follows:

Bank	**Bank of Agriculture (BOA) N'million**	**Nigeria Commodity Exchange (NCX) N'million**	**National Economic Reconstructi on Fund (NERFUND) N'million**	**Total N'million**
As at 31 December 2018	4,027	408	100	4,535
Impairment charged during the year	-	-	-	-
As at 31 December 2019	4,027	408	100	4,535

The Group holds unlisted equity investments in various entities that are classified as associates. The percentage shareholdings held by the Group and the cost of the investments are presented above.

The investees are involved in activities that promote economic growth and development in Nigeria, which goals form part of the Group's agenda and mandate. The risks faced by the Group as a result of these investments is limited to the original cost invested.

The Group has not made any capital commitments to any of the associates. The investments are carried at cost less impairment in the separate financial statements and equity accounted in the consolidated financial statements. Information about the activities of the associates are presented below:

21 Investments in associates - continued

Africa Finance Corporation (AFC)
AFC is a private sector-led Pan African multilateral development finance institution, with a capital base of US$1.2 billion, established to be a catalyst for private sector infrastructure investment across African. AFC not only provides access to finance, deal structuring and sector technical expertise, but also advisory services, project development capacity, and funding to bridge the infrastructure investment and access deficits, in the core infrastructure sectors of power, natural resources, heavy industry, transport and telecommunications, all critical pillars for economic growth across Africa. Its principal place of business is in Lagos, Nigeria. The Group's interest in AFC is accounted for using the equity method in the consolidated financial statements.

Nigerian Export Import Bank (NEXIM)
A foremost bank of its nature in Africa, NEXIM was established to carry on the business of provision of export credit guarantee and export credit insurance facilities to its clients, provision of credit in local currency to its clients in support of exports, establishment and management of funds connected with exports, maintenance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production, maintenance of a trade information system in support of export business and provision of domestic credit insurance where such a facility is likely to assist exports. Its principal place of business is in Abuja, Nigeria. The Group's interest in NEXIM is accounted for using the equity method in the consolidated financial statements.

Bank of Industry (BOI)
The Bank was incorporated as a private limited liability company under the name Nigerian Industrial Development Bank Limited on 22 January 1964 and it changed its name to Bank of Industry Limited by a special resolution passed at an extra-ordinary general meeting held on 5 October 2001. The principal activity of the group is the provision of development financing services. Its principal place of business is in Lagos, Nigeria. The Group's interest in BOI is accounted for using the equity method in the consolidated financial statements.

Bank of Agriculture (BOA)
The Bank was incorporated on 24 November 1972 as Nigerian Agricultural Bank Limited, changed its name to the Nigerian Agricultural and Co-operative Bank Limited (NACB) in 1978 and later changed to Nigerian Agricultural Co-operative and Rural Development Bank Limited (NARCDB) on 29 December 2000. It enlarged it object clause to include the total development activities of the Peoples Bank of Nigeria and also acquired the risk assets of the Family Economic Advancement Program (FEAP). On 6 October 2010, the Bank further changed to Bank of Agriculture Limited. The Bank is fully owned by the Federal Government of Nigeria through the Ministry of Finance Incorporated and the Central Bank of Nigeria. The Bank grants Micro and Macro loans for Agricultural production, processing and marketing and other financial services, but as from 1 April 2006, marketing ceased to be one of the Bank's principal activities. It also engages in the business of stimulation of rural savings as well as provision of loans to small scale enterprises in order to develop the economic base of the low income populace. Its principal place of business is in Kaduna, Nigeria. The Group's interest in BOA is accounted for using the equity method in the consolidated financial statements.

FMDQ-OTC Plc
FMDQ OTC PLC was incorporated in Nigeria under the companies and Allied matters Act on 6 January 2011 as a public liability company, and was licensed by the Securities and Exchange Commission on 6 November 2012 to perform the function as a securities exchange and self regulatory organisation. The principal activities of the Company are developing, organising and regulating the platform for listing, quotation, registration and trading of debt securities and currencies. Its principal place of business is in Lagos, Nigeria. The Group's interest in FMDQ is accounted for using the equity method in the consolidated financial statements.

Agricultural Credit Guarantee Scheme Fund (ACGSF)
The Fund was established by the Agricultural Credit Guarantee Scheme Fund Decree (No 20) of 1977. The Fund was established for the purpose of providing guarantees in respect of loans granted for agricultural purposes by any bank with a view to encourage banks to make advances to the agricultural sub-sector of the economy. The Fund is managed by the ACGSF Board. The Board was dissolved in October 2007. Its principal place of business is in Abuja, Nigeria. The Group's interest in ACGSF is accounted for using the equity method in the consolidated financial statements.

Nigeria Commodity Exchange (NCX)
The Nigeria Commodity Exchange(NCX) was originally incorporated as a Stock Exchange on 17 June, 1998. It commenced electronic trading in securities in May 2001 and was converted to a commodity exchange on 8 August 2001 and brought under the supervision of the Federal Ministry of Commerce. The conversion was premised on the need for an alternative institutional arrangement that would manage the effect of price fluctuations in the marketing of agricultural produce which has adversely affected the earnings of farmers since the abolishment of commodity Boards in 1986. Its principal place of business is in Abuja, Nigeria. The Group's interest in NCX is accounted for using the equity method in the consolidated financial statements.

National Economic Reconstruction Fund (NERFUND)
The Fund was established in 1989 by the National Economic Reconstruction Act, Cap. 254, 1990 Laws of the Federation (NERFUND Act) with the main objective of acting as a catalyst for the rapid rise of real production enterprises in the country. To accomplish this, it is mandated to provide medium to long term financing to small and medium scale enterprises, with special emphasis on the manufacturing and agro-allied sectors. It is also saddled with the responsibility of 'correcting observed inadequacies in the provision of medium to long term financing to small and medium scale enterprises' in the country. Its principal place of business is in Abuja, Nigeria. The Group's interest in NERFUND is accounted for using the equity method in the consolidated financial statements.

Nigeria Inter-Bank Settlement System (NIBSS)
The Nigeria Inter-Bank Settlement System Plc. (NIBSS) was set up by the decision of the Bankers Committee in 1992, as a Banking Industry Shared-Service, to help streamline inter-bank payments and settlement mechanisms, and to promote electronic payments in Nigeria. Incorporated in April 1993, it commenced operations on the 13th of June 1994. The Bank holds an investment in the equity of NIBSS. The proportion of the Bank equity interest to the total holding in this institution is 3.6%. These shares are measured at cost less impairment losses. NIBSS is owned by all licensed banks and discount houses in Nigeria, and the Central Bank of Nigeria. The Board consists of representatives of banks, Discount Houses and the Managing Director of NIBSS with Deputy Governor (Operations), Central Bank of Nigeria, as the Chairman. Its principal place of business is in Lagos, Nigeria. The Group's interest in NIBSS is accounted for using the equity method in the consolidated financial statements.

Nirsal Microfinance Bank Ltd
Nirsal Microfinance Bank Ltd was incorporated on 25 March 2019 as a private limited liability company under the provision of the Companies and Allied Matter Act cap c20, LFN 2004. The Bank provides banking services to the general banking public. The Bank commenced operations in the same year on 20 July 2019 and obtained a provisional license to operate as a National Microfinance bank on 12 July 2019 from the Apex Bank. The Group holds an investment in the equity of NIRSAL Microfinance Bank. The proportion of the Group equity interest to the total holding in this institution is 40%. These shares are measured at cost less impairment losses Its principal place of business is in Abuja, Nigeria. The Group's interest in NIRSAL Microfinance Bank is accounted for using the equity method in the consolidated financial statements.

(All amounts are in millions of Naira, unless otherwise stated)

21 Investments in associates - continued

	2019 N'million	2018 N'million
Share of profit of associates	33,632	23,575
Share of OCI of associates	22,338	(3,530)
	55,970	20,045

Although the Group holds less than 20% of the equity shares of BOA, NIBSS, FMDQ OTC, NERFUND and BOI, and it has less than 20% of the voting power at shareholder meetings, the Group exercise significant influence over the relevant actvities of the associates. Also, CBN owns more than half of the voting right in NCX but does not have control since the guidelines setting up NCX does not give CBN powers to direct the relevant activities of the investee.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates financial statements prepared in accordance with IFRSs (adjustments are made to bring the accounting policies of the associates in line with those of the Group). NERFUND ceased operation during the year.

31 December 2019

	Nirsal Microfinance Bank Ltd	Nigeria Inter-Bank Settlement System (NIBSS) N'million	Africa Finance Corporation (AFC) N'million	National Economic Reconstruction Fund (NERFUND) N'million	Nigerian Export Import Bank (NEXIM) N'million	Bank of Agriculture (BOA) N'million	Bank of Industry (BOI) N'million	FMDQ OTC Plc N'million	Agricultural Credit Guarantee Scheme Fund (ACGSF) N'million
Current assets	17,949	20,035	410,578	-	37,350	18,187	27,556	18,734	-
Non-current assets	15,516	4,655	1,819,790	-	70,588	30,312	1,014,412	501,705	10,850
Current liabilities	(14,141)	(4,893)	(23,075)	-	(7,671)	3,463	(140,078)	(18,929)	(3)
Non-current liabilities	(14,399)	(511)	(1,584,650)	-	(64,874)	(117,332)	(609,689)	(482,483)	(2,482)
Equity	4,925	19,286	622,643	-	35,393	(65,371)	292,201	19,027	8,365
Revenue									
Gross income/(loss)	1,108	12,628	83,529	-	6,545	(28,770)	64,587	21,460	1,536
Total expenses	(1,184)	(6,485)	(17,214)	-	(4,426)	(4,684)	(26,167)	(10,332)	(611)
Profit/(loss) before income tax	(76)	6,143	66,315	-	2,119	(33,454)	38,420	11,127	925
Income tax expense	-	(1,228)	-	-	-	-	(2,857)	-	-
Profit/(loss) for the year	(76)	4,915	66,315	-	2,119	(33,454)	35,563	11,127	925
Other comprehensive income, net of income tax:	-	-	51,454	-	-	-	-	289	-
Total comprehensive income/(loss) for the year	(76)	4,915	117,769	-	2,119	(33,454)	35,563	11,416	925
Group share of profit for the year	-	177	28,900	-	556	-	1,891	1,737	370
Group share of other comprehensive income	-	-	22,424	-	-	-	(131)	45	-
Group share of total comprehensive income	-	177	51,324	-	556	-	1,760	1,782	370
Dividend received	-	51	8,093	-	-	-	93	-	-

(All amounts are in millions of Naira, unless otherwise stated)

21 Investments in associates - continued

31 December 2018

	Nigeria Inter-Bank Settlement System (NIBSS) N'million	Africa Finance Corporation (AFC) N'million	National Economic Reconstruction Fund (NERFUND) N'million	Nigerian Export Import Bank (NEXIM) N'million	Bank of Agriculture (BOA) N'million	Bank of Industry (BOI) N'million	FMDQ OTC Plc N'million	Agricultural Credit Guarantee Scheme Fund (ACGSF) N'million
Current assets	15,898	241,347	-	22,456	90,267	287,124	6,528	15
Non-current assets	4,542	1,392,073	-	91,164	57,739	791,827	4,269	9,299
Current liabilities	(3,602)	(11,974)	-	(67,095)	(128,615)	(108,324)	(2,375)	(6)
Non-current liabilities	(337)	(1,056,307)	-	(8,081)	(57,584)	(701,736)	(68)	(1,868)
Equity	**16,501**	**565,139**	-	**38,445**	**(38,194)**	**268,891**	**8,355**	**7,440**
Revenue								
Gross income/(loss)	11,703	65,770	-	6,228	(3,012)	54,113	11,524	1,080
Total expenses	(6,538)	(19,260)	-	(4,127)	(4,457)	(23,404)	(5,274)	(418)
Profit/(loss) before tax	**5,165**	**46,510**	-	**2,101**	**(7,469)**	**30,709**	**6,250**	**662**
Income tax expenses	(1,217)	-	-	-	-	(2,108)	-	-
Profit for the year	**3,947**	**46,510**	-	**2,101**	**(7,469)**	**28,601**	**6,250**	**662**
Other comprehensive income, net of income tax	-	121,380	-	-	-	216	(26)	-
Total comprehensive income for the year	**3,947**	**167,890**	-	**2,101**	**(7,469)**	**28,817**	**6,224**	**662**
Group share of profit for the year	**142**	**19,656**	-	**1,050**	-	**1,486**	**976**	**265**
Group share of other comprehensive income	-	**(3,526)**	-	-	-	**1**	**(4)**	-
Group share of total comprehensive income	**142**	**16,130**	-	**1,050**	-	**1,487**	**972**	**265**
Unrecognised share of losses for the current year	-	-	-	-	**(1,358)**	-	-	-
Dividend received	**38**	**7,036**	-	-	-	**64**	**3**	-

22 Other assets

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Account receivables	55,847	43,106	55,847	43,106
Other sundry receivables	87,284	120,390	87,284	120,390
Prepaid staff expenses (Note 22a)	44,619	38,209	44,619	38,209
Prepayments	10,496	8,076	10,496	7,573
Due from Agricultural Credit Guarantee Scheme Fund	646	458	646	458
Other receivables	44,645	1,350	44,389	-
OTC foreign exchange futures	167,129	86,801	167,129	86,801
Inventories	20,085	19,342	-	-
	430,751	**317,732**	**410,410**	**296,537**
Less: Impairment allowance (Note 22b)	(1,026)	(87,256)	(1,026)	(87,256)
	429,725	**230,476**	**409,384**	**209,281**

Inventories comprise cost of raw materials, work-in-progress, finished goods, goods in transit and consumables.

Maturity analysis

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Current	102,704	43,506	37,975	22,311
Non-current	327,021	186,970	371,410	186,970
	429,725	**230,476**	**409,384**	**209,281**

22a Prepaid staff expenses arise from below market interest loans issued to members of staff.

Bank

Impairment allowance for other assets

The allowance for ECL below are for account receivables, sundry receivables and due from Agricultural Credit Guarantee Scheme.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's external grading system are explained in Note 3.2.4.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

(All amounts are in millions of Naira, unless otherwise stated)

22 Other assets - continued

Group and Bank

External rating grade (S&P)	2019 Stage 1 N'million	2019 Stage 2 N'million	2019 Stage 3 N'million	2019 Total N'million	2018 Stage 1 N'million	2018 Stage 2 N'million	2018 Stage 3 N'million	2018 Total N'million
Performing								
Standard grade (BBB - B)	143,777	-	-	143,777	163,954	-	-	163,954
Total	**143,777**	**-**	**-**	**143,777**	**163,954**	**-**	**-**	**163,954**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to external reserves is as follows:

	2019 Stage 1 N'million	2019 Stage 2 N'million	2019 Stage 3 N'million	2019 Total N'million	2018 Stage 1 N'million	2018 Stage 2 N'million	2018 Stage 3 N'million	2018 Total N'million
Gross carrying amount as at 1 January	163,954	-	-	163,954	154,858	-	-	154,858
New assets originated or purchased	12,949	-	-	12,949	9,096	-	-	9,096
Assets derecognised or repaid (excluding write offs)	(33,126)	-	-	(33,126)		-	-	-
At 31 December	143,777	-	-	143,777	163,954	-	-	163,954

		2019 Stage 1 N'million	2019 Stage 2 N'million	2019 Stage 3 N'million	2019 Total N'million	2018 Stage 1 N'million	2018 Stage 2 N'million	2018 Stage 3 N'million	2018 Total N'million
ECL allowance as at 1 January		87,256	-	-	87,256	72,142	-	-	72,142
New assets originated or purchased	Note 14	522	-	-	522	15,114	-	-	15,114
Assets derecognised or repaid (excluding write offs)	Note 14	(10,115)	-	-	(10,115)	-	-	-	-
Changes to assumptions (see note 22b)	Note 14	(76,637)	-	-	(76,637)	-	-	-	-
At 31 December		**1,026**	**-**	**-**	**1,026**	**87,256**	**-**	**-**	**87,256**

This represents changes to estimates and assumptions due to sovereign backing.

23 Intangible assets

	Group Computer software N'million	Group Software under development N'million	Group Total N'million	Bank Computer software N'million	Bank Software under development N'million	Bank Total N'million
Cost						
At 1 January 2018	**18,185**	**1,902**	**20,087**	**18,162**	**1,902**	**20,064**
Additions	4,553	-	4,553	4,553	-	4,553
Reclassifications	53	(53)	-	53	(53)	-
Disposal	(28)	-	(28)	(28)	-	(28)
At 31 December 2018	**22,763**	**1,849**	**24,612**	**22,740**	**1,849**	**24,589**
Additions	3,233	-	3,233	2,856	-	2,856
Reclassification	140	-	140	-	-	-
Disposal	(63)	-	(63)	(63)	-	(63)
At 31 December 2019	**26,073**	**1,849**	**27,922**	**25,533**	**1,849**	**27,382**
Accumulated amortisation						
At 1 January 2018	**16,682**	**-**	**16,682**	**16,659**	**-**	**16,659**
Amortisation	1,206	-	1,206	1,206	-	1,206
Disposal	(28)	-	(28)	(28)	-	(28)
At 31 December 2018	**17,859**	**-**	**17,859**	**17,836**	**-**	**17,836**
Amortisation	2,969	-	2,969	2,806	-	2,806
Disposal	(5)	-	(5)	(5)	-	(5)
At 31 December 2019	**20,823**	**-**	**20,823**	**20,638**	**-**	**20,638**
Net book value						
At 31 December 2019	**5,250**	**1,849**	**7,099**	**4,895**	**1,849**	**6,744**
At 31 December 2018	**4,903**	**1,849**	**6,752**	**4,903**	**1,849**	**6,752**

Maturity analysis

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Non-current	7,099	6,752	6,744	6,752
	7,099	**6,752**	**6,744**	**6,752**

(All amounts are in millions of Naira, unless otherwise stated)

24 Property and equipment and right-of-use assets

Group	Land	Building	Plant, machinery and equipment	Furniture and fittings	Computer equipment	Motor vehicles	Capital work in progress	Right-of-use assets: Buildings and other premises	Total
Cost or valuation	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
At 1 January 2018	**1,671**	**250,559**	**116,143**	**11,085**	**5,682**	**15,849**	**225,250**	-	**628,239**
Additions	1,167	1,577	7,803	1,960	1,311	7,603	19,364	-	40,785
Reclassifications	-	15,084	270	13	(7)	1,873	(17,234)	-	(0)
Disposals	-	(33)	(139)	(153)	(121)	(1,145)	-	-	(1,591)
At 31 December 2018	**2,838**	**267,187**	**126,078**	**12,905**	**6,865**	**24,180**	**227,380**	-	**657,432**
Effect of adoption of IFRS 16	-	-	-	-	-	-	-	820	820
At 1 January 2019 (Restated)	**2,838**	**267,187**	**126,078**	**12,905**	**6,865**	**24,180**	**227,380**	**820**	**658,252**
Additions	43	2,274	10,001	967	2,190	7,353	16,265	857	39,950
Reclassifications	-	8,185	926	636	(21)	152	(9,878)	-	-
Revaluation surplus-note 24a	4,364	191,900	-	-	-	-	-	-	196,264
Reversals - note 24a	-	(52,463)	-	-	-	-	-	-	(52,463)
Disposals	-	(115)	(1,294)	(71)	(194)	(3,814)	(85)	-	(5,574)
Write-offs	-	-	(1,445)	-	-	-	-	-	(1,445)
At 31 December 2019	**7,245**	**416,968**	**134,265**	**14,437**	**8,840**	**27,870**	**233,682**	**1,677**	**844,984**
Accumulated depreciation and impairment									
At 1 January 2018	-	**43,008**	**49,618**	**7,073**	**4,639**	**7,869**	-	-	**112,208**
Depreciation charged for the year	-	6,347	7,315	1,640	583	3,027	-	-	18,913
Reclassifications	-	-	(5)	12	(7)	-	-	-	-
Disposals	-	(10)	(122)	(138)	(119)	(923)	-	-	(1,311)
At 31 December 2018	-	**49,345**	**56,806**	**8,588**	**5,096**	**9,973**	-	-	**129,808**
Effect of adoption of IFRS 16	-	-	-	-	-	-	-	-	-
At 1 January 2019 (Restated)	-	**49,345**	**56,806**	**8,588**	**5,096**	**9,973**	-	-	**129,808**
Depreciation charged for the year	-	9,068	12,113	2,196	930	3,129	-	254	27,691
Reclassifications	-	-	-	13	(13)	-	-	-	-
Reversals - note 24a	-	(52,463)	-	-	-	-	-	-	(52,463)
Disposals	-	(6)	(3)	(40)	(28)	(859)	-	-	(937)
Write-offs	-	-	(55)	-	-	-	-	-	(55)
At 31 December 2019	-	**5,943**	**68,861**	**10,756**	**5,986**	**12,244**	-	**254**	**104,044**
Net book value									
At 31 December 2019	**7,245**	**411,025**	**65,404**	**3,681**	**2,854**	**15,626**	**233,682**	**1,423**	**740,940**
At 31 December 2018	**2,838**	**217,843**	**69,272**	**4,317**	**1,769**	**14,207**	**227,380**	-	**538,106**

Bank	Land	Building	Plant and equipment	Furniture and fittings	Computer equipment	Motor vehicles	Capital work in progress	Right-of-use assets: Buildings and other premises	Total
Cost or valuation	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
At 1 January 2018	**1,617**	**236,863**	**44,372**	**8,750**	**5,249**	**14,345**	**225,263**	-	**536,459**
Additions	1,167	1,532	6,363	1,727	791	6,175	19,205	-	36,960
Reclassifications	-	15,084	196	13	(7)	1,873	(17,160)	-	-
Disposals	-	(33)	(139)	(153)	(121)	(1,039)	-	-	(1,485)
At 31 December 2018	**2,784**	**253,446**	**50,792**	**10,338**	**5,912**	**21,355**	**227,308**	-	**571,934**
Effect of adoption of IFRS 16	-	-	-	-	-	-	-	820	820
At 1 January 2019 (Restated)	**2,784**	**253,446**	**50,792**	**10,338**	**5,912**	**21,355**	**227,308**	**820**	**572,754**
Additions	43	2,236	7,259	775	1,465	6,307	16,242	809	35,136
Reclassifications	-	8,185	926	599	16	152	(9,878)	-	-
Revaluation surplus-note 24a	4,364	191,900	-	-	-	-	-	-	196,264
Reversals - note 24a	-	(52,463)	-	-	-	-	-	-	(52,463)
Disposals	-	(20)	(12)	(46)	(29)	(3,591)	-	-	(3,696)
At 31 December 2019	**7,191**	**403,284**	**58,966**	**11,686**	**7,363**	**24,222**	**233,673**	**1,629**	**747,995**
Accumulated depreciation and impairment									
At 1 January 2018	-	**39,733**	**33,024**	**5,422**	**4,631**	**7,119**	-	-	**89,928**
Depreciation charged for the year	-	6,072	3,663	1,507	423	2,521	-	-	14,186
Reclassifications	-	-	(5)	12	(7)	-	-	-	-
Disposals	-	(10)	(122)	(138)	(119)	(850)	-	-	(1,239)
At 31 December 2018	-	**45,795**	**36,560**	**6,803**	**4,928**	**8,790**	-	-	**102,876**
Effect of adoption of IFRS 16	-	-	-	-	-	-	-	-	-
At 1 January 2019 (Restated)	-	**45,795**	**36,560**	**6,803**	**4,928**	**8,790**	-	-	**102,876**
Depreciation charged for the year	-	6,674	4,890	1,796	651	2,447	-	239	16,698
Reversals - note 24a	-	(52,463)	-	-	-	-	-	-	(52,463)
Disposals	-	(6)	(3)	(38)	(28)	(540)	-	-	(614)
At 31 December 2019	-	**(0)**	**41,447**	**8,561**	**5,551**	**10,697**	-	**239**	**66,495**
Net book value									
At 31 December 2019	**7,191**	**403,284**	**17,519**	**3,105**	**1,812**	**13,525**	**233,673**	**1,390**	**681,499**
At 31 December 2018	**2,784**	**207,651**	**14,232**	**3,535**	**984**	**12,565**	**227,308**	-	**469,059**

(All amounts are in millions of Naira, unless otherwise stated)

24 Property, equipment and right-of-use - continued

Maturity analysis

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Non-current	740,940	538,106	681,499	469,059
	740,940	538,106	681,499	469,059

Revaluation of Land and Buildings

Management determined that the land and buildings constitute a separate class of property, plant and equipment, based on nature, characteristics and risks of the property.

Fair value of the land and buildings was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for land and buildings of similar nature, location and condition. As at 31 December 2019, the valuation of land and buildings were performed by Nelson Thorpe Alonge Chartered Surveyors (Victor Alonge - FRC/2017/NIESV/00000017669) and Pat Obianwu & Co estate surveyors (Patrick Obianwu - FRC/2014/NIESV/00000007136). These surveyors are accredited independent valuers who have experience in valuation of similar land and buildings in Nigeria. A net gain from the revaluation of the land and buildings of N196 billion in 2019 was recognised in OCI.

The other assumptions and contingent considered by the valuers include:
- the verbal information provided by the Group, the selling agents and the local authorities will be relied upon;
- the said properties are free from all onerous or restrictions covenants;
- the visual inspection of the properties is limited to exteriors of the properties which is accessible without undue difficulty, and as such covered, unexposed or inaccessible part of the properties will be assumed to be in good repair and condition;
- no contaminative or potentially contaminative uses have ever been carried out on the said properties

Fair value measurement disclosures for the revalued land and buildings are provided in Note 3.5

Significant unobservable valuation input:	**Range**
Price per square metre	N80,000 - N110,000

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

24a Amount represents the reversal of accumulated depreciation due to the valuation of land and building against the gross carrying amount of the revalued asset.

The Group changed the accounting policy with respect to the measurement of land and buildings as at 31 December 2019 on a prospective basis in line with IAS 8.17. Therefore, the fair value of the land and buildings was not remeasured as at 1 January 2018.

If the land and buildings were measured using the cost model, the carrying amounts would be, as follows:

	Group	Bank
	2019	2019
	N'million	N'million
Cost	280,412	266,674
Accumulated depreciation	(58,406)	(52,463)
Net carrying amount	222,006	214,211

No restriction exists on the title of any item of property and equipment and none of these items of property and equipment is pledged (2018: Nil).

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
25 Deposits				
Government deposits:				
- Capital and settlement accounts	4,062,942	5,001,171	4,146,906	5,001,171
- Domicillary accounts	2,335,810	2,892,170	2,335,810	2,892,170
Other accounts (Note 25a)	777,052	1,637,911	777,052	1,637,911
Financial Institutions:				
- Current and settlement accounts	864,375	358,263	862,375	358,263
- Banks' reserve accounts	5,230,036	4,244,828	5,230,036	4,244,828
- Special intervention reserve	212,894	231,066	212,894	231,066
	13,483,109	14,365,409	13,565,073	14,365,409

Maturity analysis

	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Current	13,483,109	14,365,409	13,565,073	14,365,409
	13,483,109	14,365,409	13,565,073	14,365,409

25a Other accounts are further analysed as follows:	N'million	N'million	N'million	N'million
FGN Petroleum Profits Tax Naira funding account	18,820	368,971	18,820	368,971
FGN excess crude oil proceeds (Naira funding) account	88,222	2,048	88,222	2,048
Letters of credit consolidated account	37,083	370,853	37,083	370,853
FGN (External creditors) funding account	258,001	341,583	258,001	341,583
Special reserve account	163,222	330,405	163,222	330,405
Sundry accounts	211,539	224,013	211,539	224,013
Sovereign Wealth Fund	165	38	165	38
	777,052	1,637,911	777,052	1,637,911

(All amounts are in millions of Naira, unless otherwise stated)

25 Deposits - continued

25b Foreign currency deposits held on behalf of customers for letters of credit transactions and other purposes are analysed below:

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Other accounts	777,052	1,637,911	777,052	1,637,911
Domiciliary accounts	2,335,810	2,892,170	2,335,810	2,892,170
	3,112,862	4,530,081	3,112,862	4,530,081

Government deposits:
This represents the position of the accounts of Ministries, Departments and Agencies of the Federal Government of Nigeria with the Central Bank of Nigeria.

Financial Institutions:
The current and settlement accounts represent transaction and deposit balances of financial institutions with the Central Bank of Nigeria. The Banks' reserve accounts represent the statutory minimum reserve (SMR) of commercial banks with the Central Bank of Nigeria. This is a statutory ratio for monetary policy. Commercial banks are required to hold a prescribed percentage of their total deposits with the Central Bank of Nigeria.

Other accounts:
The other accounts largely represent deposits held on behalf of customers. Also, sundry accounts represent special purpose accounts held for different projects or purposes on behalf of customers.

	Group		Bank	
	2019	2018	2019	2018
26 Central Bank of Nigeria Instruments Issued	N'million	N'million	N'million	N'million
Open Market Operations - Central Bank of Nigeria Bills	14,620,713	12,795,093	14,620,713	12,795,093
	14,620,713	12,795,093	14,620,713	12,795,093
Open Market Operations - Central Bank of Nigeria Bills:				
At 1 January	12,795,093	8,919,793	12,795,093	8,919,793
Issued during the year	20,763,927	22,428,732	20,763,927	22,428,732
Redemption during the year	(17,804,533)	(18,250,876)	(17,804,533)	(18,250,876)
Deferred interest and prepayments	(1,133,774)	(302,556)	(1,133,774)	(302,556)
At 31 December	14,620,713	12,795,093	14,620,713	12,795,093

Maturity analysis

	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Current	14,620,713	12,795,093	14,620,713	12,795,093
	14,620,713	12,795,093	14,620,713	12,795,093

Open Market Operations - Central Bank of Nigeria Bills:
Central Bank of Nigeria bills represent bills of the Bank issued to commercial banks as a liquidity management tool and as a means of implementing monetary policy. These instruments have tenors ranging from 7 days - 364 days and carry discount rates ranging from 11% - 15% per annum (2018:12.25% - 15.25%).

	Group		Bank	
	2019	2018	2019	2018
27 Bank notes and coins in circulation	N'million	N'million	N'million	N'million
Notes	2,440,702	2,296,935	2,440,716	2,327,434
Coins	1,329	1,332	1,329	1,332
	2,442,031	2,298,267	2,442,045	2,328,766

Maturity analysis

	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Current	2,442,031	2,298,267	2,442,045	2,328,766
	2,442,031	2,298,267	2,442,045	2,328,766

Bank notes and coins in circulation represents the face value of notes and coins in circulation. Notes and coins held by the Bank which are comprised of cash in main vault, intermediary vault and cashier/teller at the end of financial year have been netted off against the liability for notes and coins in circulation because they do not represent currency in circulation.

28 Employee benefits

The Group engaged the services of Alexander Forbes Consulting Actuaries Nigeria (Brian Karidza - FRC/2017/NAS/00000016825) to carry out an actuarial valuation of all the Group's employee benefits as at 31 December 2019.

The table below outlines where the Group's post employment amounts and activity are included in the financial statements

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Employee defined benefit liabilities recognised in statement of financial position:				
Defined benefit liabilities:				
Defined benefit pension scheme (Note 28.1)	13,020	774	14,954	954
Post-employment gratuity scheme (Note 28.2)	105,300	64,344	105,300	64,344
Long service awards (Note 28.3)	1,251	964	1,181	900
Post-employment medical aid scheme for pensioners (Note 28.4)	9,735	8,183	9,735	8,183
Defined contribution liabilities (Note 28.5)	1	(44)	1	(44)
Liability in the statement of financial position	129,307	74,221	131,171	74,336

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Net benefit expenses recognised in income statement:				
Defined benefit pension scheme (Note 28.1)	147	3,148	147	3,148
Post-employment gratuity scheme (Note 28.2)	15,466	15,374	15,466	15,374
Long service awards (Note 28.3)	398	109	392	109
Post-employment medical aid scheme for pensioners (Note 28.4)	1,234	3,265	1,234	3,265
Total defined benefit expenses (Note 11)	17,245	21,896	17,239	21,896
Defined benefit contributions (Note 28.5)	9,971	10,147	9,971	9,640
	27,216	32,043	27,210	31,536
Remeasurement (gains)/losses in other comprehensive income:				
Defined benefit pension scheme (Note 28.1)	12,099	(607)	13,853	(607)
Post-employment gratuity scheme (Note 28.2)	30,036	(8,517)	30,036	(8,517)
Post-employment medical aid scheme for pensioners (Note 28.4)	930	1,492	930	1,492
	43,065	(7,632)	44,823	(7,632)

The amount recognised in the income statement under personnel expenses includes current service cost, interest cost and expected return on plan assets past service costs and remeasurement gains or losses (other long term employees benefit) on defined benefit schemes.

Maturity analysis

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Current	1	(44)	1	(44)
Non-current	129,306	74,265	131,170	74,380
	129,307	74,221	131,171	74,336

28.1 Defined benefit pension scheme

The Central Bank of Nigeria operates a defined benefit pension scheme for the retired employees of the Bank. This scheme is funded and the Bank is expected to pay monthly pension to the retired staff until death of the last pensioner. An actuarial valuation has been performed to determine the Bank's obligations to the pensioners and the amounts have been appropriately recognised in the statement of financial position.

The assets of the pension plan are held in a separate fund managed by the Trustee to meet the short and long term plan pension liabilities of retired employees. The Trustee is required to act in the best interest of the beneficiary. The Trustee is appointed by the Group. The Trustee select adviser to the fund and are also responsible for preparing proper accounting records of the scheme, safeguarding assets and taking reasonable steps to prevent and detect fraud and any other irregularities. The trustee actively monitors how the duration and the expected yield of the plan assets match the expected cash flows from pension obligations. The Trustee have not change the processes used to manage risks from previous period, no derivatives are used to manage risk. The Trust deed specify that assets of the fund are not available to the Group for other uses and must be used only to fund defined pension obligation.

The amounts recognised in the statement of financial position are determined as follows:

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Present value of funded obligations	95,940	81,458	95,079	80,316
Fair value of plan assets	(82,920)	(80,684)	(80,125)	(79,362)
Net defined benefit liability	13,020	774	14,954	954

The maximum economic benefit available is in the form of a combination of reduction in future contribution and refunds.
The movement in the net defined benefit liability over the year is as follows:

	Group Present value of obligation N'million	Group Fair value of plan assets N'million	Group Total N'million	Bank Present value of obligation N'million	Bank Fair value of plan assets N'million	Bank Total N'million
At 1 January 2019	81,458	(80,684)	774	80,316	(79,362)	954
Net interest income	11,322	(11,175)	147	11,322	(11,175)	147
	11,322	(11,175)	147	11,322	(11,175)	147
Remeasurements:						
Gain from change in financial assumptions	15,662	-	15,662	15,662		15,662
Actuarial losses on plan assets	-	(4,141)	(4,141)		(4,141)	(4,141)
Experience adjustment	2,201	(1,623)	578	2,332		2,332
	17,863	(5,764)	12,099	17,994	(4,141)	13,853
Benefits payments	(14,703)	14,703	-	(14,553)	14,553	-
At 31 December 2019	95,940	(82,920)	13,020	95,079	(80,125)	14,954

(All amounts are in millions of Naira, unless otherwise stated)

28.1 Defined benefit pension scheme (continued)

	Group			Bank		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
	N'million	N'million	N'million	N'million	N'million	N'million
At 1 January 2018	87,492	(66,259)	21,233	86,350	(64,937)	21,413
Net interest income	13,756	(10,608)	3,148	13,756	(10,608)	3,148
	13,756	(10,608)	3,148	13,756	(10,608)	3,148
Remeasurements:						
Gain from change in financial assumptions	(3,019)	-	(3,019)	(3,019)		(3,019)
Actuarial losses on plan assets	-	3,763	3,763		3,763	3,763
Experience adjustment	(1,351)	-	(1,351)	(1,351)		(1,351)
	(4,370)	3,763	(607)	(4,370)	3,763	(607)
Employer contributions	-	(23,000)	(23,000)	-	(23,000)	(23,000)
Benefits payments	(15,420)	15,420	-	(15,420)	15,420	-
At 31 December 2018	81,458	(80,684)	774	80,316	(79,362)	954

The remeasurements of the net defined benefit liability (asset) relates only to changes in financial assumptions.

Asset mix
The breakdown of the fund's net assets as provided by the Group is shown in the table below:

Category	2019 N'million	Percentage	2018 N'million	Percentage
Investments quoted in active markets:				
Equities	2,324	2.80%	3,838	4.76%
Money market	-	0.00%	29,584	36.67%
Bonds	46,032	55.51%	45,834	56.81%
Cash	30,800	37.14%	123	0.15%
Unquoted investments:				
Property	2,794	3.37%	1,322	1.64%
Others	970	1.17%	180	0.22%
Gross value of assets	82,920	100%	80,881	100%
Less: Amount due to active staff	-	0%	(197)	0%
Net asset	82,920	100%	80,684	100%

The breakdown of the fund's net assets as provided by the Bank is shown in the table below:

Category	2019 N'million	Percentage	2018 N'million	Percentage
Investments quoted in active markets:				
Equities	2,324	2.90%	3,838	4.84%
Money market	-	0.00%	29,584	37.28%
Bonds	46,032	57.45%	45,834	57.75%
Cash	30,800	38.44%	123	0.15%
Unquoted investments:				
Others	970	1.21%	180	0.23%
Gross value of assets	80,125	100%	79,559	100%
Less: Amount due to active staff	-	0%	(197)	0%
Net asset	80,125	100%	79,362	100%

The significant actuarial assumptions were as follows:

Financial Assumptions	Bank	
Long Term Average	**2019**	**2018**
Discount Rate (p.a)	13%	16%
Rate of Pension Increase(p.a)	2.3%	2.3%
Rate of Inflation	12%	12%
Demographic Assumptions		

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience.

	Age of Pensioner	Average Expected Future Lifetime (years)
Mortality of Pensioners		
	55	22
	60	19
	65	15
	70	12
	75	9

(All amounts are in millions of Naira, unless otherwise stated)

28.1 Defined benefit pension scheme (continued)

The Group's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact on defined benefit obligation			
		2019		2018	
	Change in assumptions	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
Base:		N'million	N'million	N'million	N'million
Discount rate	1%	(4,938)	5,503	(4,618)	3,364
Pension increase rate	1%	5,992	(5,427)	3,558	(5,457)
Mortality experience	1year	2,301	(2,335)	2,929	(606)

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact on defined benefit obligation			
		2019		2018	
	Change in assumptions	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
Base:		N'million	N'million	N'million	N'million
Discount rate	1%	(4,938)	5,503	(3,478)	3,810
Pension increase rate	1%	5,992	(5,427)	4,698	(4,317)
Mortality experience	1year	2,301	(2,335)	1,789	(1,745)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The following payments are expected contributions to the defined benefit plan in future years:

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Within the next 12months (next annual reporting period)	13,655	14,021	13,520	13,882
Between 2 and 5 years	51,969	53,673	51,454	53,142
Between 5 and 10 years	56,790	175,700	56,228	173,960
Total expected payments	122,414	243,394	121,202	240,984

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (2017: 5 years)

Through its defined benefit plans (pension scheme) the Group is exposed to asset volatility risk and mortality risk.

28.2 Post-employment gratuity scheme

The Group operates a non-contributory, lump sum, defined benefit gratuity scheme. Under this scheme, qualifying employees are entitled to gratuity payments on exit from the bank after completing 5 years of continuous service with the Bank. Under the previous framework, the Bank recognised yearly liabilities in its financial statements under this scheme. However, under IFRS it has engaged the services of an Actuary to estimate the gratuity plan's accrued liability for each of the years. This plan is unfunded and the amounts recognised in the statement of financial position have been appropriately recognised.

This plan is governed by the employment laws of the Bank. The level of benefits provided depends on the member's length of service and salary at exit from the Bank. The fund has a legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employers and employee representatives.

The amounts recognised in the statement of financial position are determined as follows:

	Group		Bank	
	2019	2018	2019	2018
	N'million	N'million	N'million	N'million
Present value of obligations	105,300	64,344	105,300	64,344

The movement in the defined benefit liability over the year is as follows:

	Group Present value of obligation	Bank Present value of obligation
	N'million	N'million
At 1 January 2019	64,344	64,344
Current service cost	4,433	4,433
Past service cost	329	329
Interest expense	10,704	10,704
	15,466	15,466
Remeasurements:		
Loss from change in financial assumptions	16,290	16,290
Experience adjustment	13,746	13,746
	30,036	30,036
Benefits paid	(4,546)	(4,546)
At 31 December 2019	105,300	105,300

(All amounts are in millions of Naira, unless otherwise stated)

28.2 Post-employment gratuity scheme - continued

	Group Present value of obligation N'million	Bank Present value of obligation N'million
At 1 January 2018	77,373	77,373
Current service cost	4,761	4,761
Interest expense	10,613	10,613
	15,374	15,374
Remeasurements:		
Gains from change in financial assumptions	(5,187)	(5,187)
Experience adjustment	(3,330)	(3,330)
	(8,517)	(8,517)
Benefits paid	(19,886)	(19,886)
At 31 December 2018	64,344	64,344

The remeasurements of the net defined benefit liability relates only changes in financial assumption.

The significant actuarial assumptions were as follows:

Financial Assumptions	**Bank**	
Long Term Average	**2019**	**2018**
Discount Rate (p.a)	13%	16%
Average Pay Increase (p.a)	11%	11%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

Demographic Assumptions

	Sample age	Number of deaths in year out of 10,000 lives
Mortality in service		
	25	7
	30	7
	35	9
	40	14
	45	26

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Withdrawal from service		Bank Rate	
	Age Band	**2019**	**2018**
	Less than or equal to 30	5%	5%
	31-39	4%	4%
	40-44	3%	3%
	45-60	0%	0%
	60	100%	100%

		Impact of defined benefit obligation			
		2019		**2018**	
Base:	**Change in assumption**	**Impact of an increase N'million**	**Impact of a decrease N'million**	**Impact of an increase N'million**	**Impact of a decrease N'million**
Discount rate	1%	(6,469)	6,894	(3,527)	3,623
Salary increase rate	1%	7,037	(6,692)	2,676	(4,927)
Mortality experience	1year	101	(293)	96	(85)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The following payments are expected contributions to the defined benefit plan in future years:

	2019 N'million	2018 N'million
Within the next 12months (next annual reporting period)	10,699	3,053
Between 2 and 5 years	71,667	19,309
Between 5 and 10 years	103,744	85,440
Total expected payments	186,110	107,802

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.33 years (2018: 3.33 years)

Through its defined benefit plans (post employment gratuity scheme) the Group is exposed to inflation risk and mortality risk.

28.3 Long service awards

The Group provides its employees with a long service award at their tenth, twentieth, thirtieth and thirty-fifth year of employment with the Group irrespective of grade and department. This is a graduated fixed sum cash award paid to staff after they have worked for any of these length of service with the Group. The Group engaged the services of an Actuary to determine its liability with respect to this scheme at the end of the reporting period.

(All amounts are in millions of Naira, unless otherwise stated)

28.3 Long service awards - continued

The amounts recognised in the statement of financial position are determined as follows:

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Present value of obligations	1,251	964	1,181	900

The movement in the defined benefit liability over the year is as follows:

	Group Present value of obligation N'million	Bank Present value of obligation N'million
At 1 January 2019	964	900
Current service cost	91	91
Interest expense	158	151
	249	242
Remeasurements:		
Gain from change in assumptions	222	222
Experience adjustment	(72)	(72)
	150	150
Benefits paid	(112)	(112)
At 31 December 2019	1,251	1,181
At 1 January 2018	921	857
Current service cost	81	81
Interest expense	133	133
	214	214
Remeasurements:		
Gain from change in assumptions	(63)	(63)
Experience adjustment	(42)	(42)
	(105)	(105)
Benefits payments	(66)	(66)
At 31 December 2018	964	900

The significant actuarial assumptions were as follows:

Financial Assumptions
Long Term Average

	2019	2018
Discount Rate (p.a)	13%	16%
Average Pay Increase (p.a)	11%	11%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

Demographic Assumptions

Mortality in service	Sample age	Number of deaths in year out of 10.000 lives
	25	7
	30	7
	35	9
	40	14
	45	26

Withdrawal from service

Age Band	Rate 2019	Rate 2018
Less than or equal to 30	5%	5%
31-39	4%	4%
40-44	3%	3%
45-60	0%	0%
60	100%	100%

The Group's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Base:	Change in assumption	2019 Impact of an increase N'million	2019 Impact of a decrease N'million	2018 Impact of an increase N'million	2018 Impact of a decrease N'million
Discount rate	1%	(64)	73	(103)	18
Salary increase rate	1%	68	(61)	21	(102)
Mortality experience	1year	4	(3)	65	(60)

(All amounts are in millions of Naira, unless otherwise stated)

28.3 Long service award - continued

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Base:	Change in assumption	2019 Impact of an increase N'million	2019 Impact of a decrease N'million	2018 Impact of an increase N'million	2018 Impact of a decrease N'million
		Impact of defined benefit obligation			
Discount rate	1%	(64)	73	(41)	45
Salary increase rate	1%	68	(61)	43	(39)
Mortality experience	1year	4	(3)	3	(2)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The following payments are expected contributions to the defined benefit plan in future years:

	2019 N'million	2018 N'million
Within the next 12months (next annual reporting period)	248	346
Between 2 and 5 years	757	1,852
Between 5 and 10 years	1,116	3,973
Total expected payments	2,120	6,171

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (2018: 5 years).

Through its other long term benefits (long service award) the Group is exposed to inflation risk.

28.4 Post-employment medical aid scheme for pensioners

The medical aid scheme is a scheme that is currently being operated by the Bank for the benefits of the pensioners of the former defined benefit scheme which is made up of pensioners (i.e. those who no longer work for the Bank). The pensioners are paid a fixed sum of amount twice every year, in January and July of the same year. These payments made to the former employees are a function of the beneficiaries' grade while in employment.

This plan is governed by the employment laws of the Bank. The fund has a legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employers and employee representatives.

The amounts recognised in the statement of financial position are determined as follows:

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Present value of obligations	9,735	8,183	9,735	8,183

The movement in the defined benefit liability over the year is as follows:

	Group Present value of obligation N'million	Bank Present value of obligation N'million
At 1 January 2019	8,183	8,183
Interest expense	1,234	1,234
Past service cost	-	-
	1,234	1,234
Remeasurements:		
Loss from change in financial assumptions	1,175	1,175
Experience adjustment	(245)	(245)
	930	930
Benefits paid	(612)	(612)
At 31 December 2019	9,735	9,735

	Group Present value of obligation N'million	Bank Present value of obligation N'million
At 1 January 2018	3,972	3,972
Interest expense	525	525
Past service cost	2,744	2,744
	3,265	3,265
Remeasurements:		
Gain from change in financial assumptions	(806)	(806)
Experience adjustment	2,298	2,298
	1,492	1,492
Benefits paid	(550)	(550)
At 31 December 2018	8,183	8,183

The remeasurements of the net defined benefit liability relates only changes in financial assumption.

(All amounts are in millions of Naira, unless otherwise stated)

28.4 Post-employment medical aid scheme for pensioners - continued

The significant actuarial assumptions were as follows:

Financial Assumption Long Term Average	2019	2018
Discount Rate (p.a)	13%	16%
Average Rate of Inflation (p.a)	11%	13%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory

Demographic Assumptions

Mortality of pensioners	Age of pensioner	Average expected future lifetime
	55	22
	60	19
	65	15
	70	12
	75	9

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact of defined benefit obligation			
		2019		2018	
Base:	Change in assumption	Impact of an increase N'million	Impact of a decrease N'million	Impact of an increase N'million	Impact of a decrease N'million
Discount rate	1%	(836)	984	(636)	735
Inflation rate	1%	1,003	(865)	760	(668)
Mortality rate	1 year	355	(362)	269	(288)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The following payments are expected contributions to the defined benefit plan in future years:

	2019 N'million	2018 N'million
Within the next 12months (next annual reporting period)	508	521
Between 2 and 5 years	4,083	4,599
Between 5 and 10 years	6,093	6,756
Total expected payments	10,684	11,876

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.88 years (2018: 8.8 years)

Through its post-employment medical plans, the Group is exposed to inflation risk and mortality risk.

28.5 *Defined contribution liabilities:*

	Group 2019	Group 2018	Bank 2019	Bank 2018
Defined contributory scheme:	N'million	N'million	N'million	N'million
At 1 January	(44)	41	(44)	1
Contributions	9,971	10,147	9,971	9,640
Amount remitted to selected Pension Fund Administrators	(9,926)	(10,232)	(9,926)	(9,685)
At 31 December	1	(44)	1	(44)

		Group 2019	Group 2018	Bank 2019	Bank 2018
29 Other liabilities		N'million	N'million	N'million	N'million
Treasury related payables		663,700	295,852	663,700	295,852
Due to Bank of Industry (BOI)		170,819	146,767	170,819	146,767
Due to International Development Association (IDA)		66,535	66,010	66,535	66,010
Securities lending	(Note 29f)	2,204,995	1,621,509	2,204,995	1,621,509
Foreign currency forward contract payables		1,010,030	834,933	1,010,030	834,933
Sundry payables	(Note 29c)	405,353	345,078	450,909	383,995
Surplus payable to Federal Government of Nigeria	(Note 29a)	2,673	3,672	2,673	3,672
Accrued charges	(Note 29d)	65,606	35,849	62,218	33,729
Provisions for loan commitments issued	(Note 32c)	20,519	267	20,519	267
Deposit for shares		5,116	5,116	-	-
Trade payables		26,034	6,054	-	-
Anchor Borrower Programme		0	24,859	-	-
Rural Finance (RUFIN) Fund		294	294	-	-
Dividend payable		-	90	-	-
IBRD - SME loan		51	51	51	51
Banking sector resolution sinking cost fund	(Note 29b)	50,001	60,895	50,001	60,895
Bank borrowings		-	10,940	-	-
Lease liabilities	(Note 29e)	1,327	-	1,327	-
		4,693,053	3,456,326	4,703,777	3,447,680

(All amounts are in millions of Naira, unless otherwise stated)

29 Other liabilities - continued

Maturity analysis

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Current	4,687,937	3,451,210	4,703,777	3,447,680
Non-current	5,116	5,116	-	-
	4,693,053	3,456,326	4,703,777	3,447,680

29a *Surplus payable to Federal Government of Nigeria*	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
At 1 January	3,672	56,433	3,672	56,433
Transfer from income statement	2,373	3,372	2,373	3,372
Paid during the year	(3,372)	(56,133)	(3,372)	(56,133)
At 31 December	2,673	3,672	2,673	3,672

29b Banking sector resolution sinking cost fund:
The Banking sector resolution sinking cost fund represents the total contributions by Eligible Financial Institutions ("EFI") to establish the Banking Sector Resolution Cost Fund ("the Fund") in Nigeria under the Asset Management Corporation Act and the memorandum of understanding signed by the EFIs with the Central Bank of Nigeria, the Asset Management Corporation of Nigeria ("AMCON").

29c Sundry payables:
Sundry payables represent balances held on behalf of Debt Management Office as regards the proceeds from issued bonds, balances payable to AMCON and other payable amounts.

29d Accrued charges:
Accrued charges consist of productivity bonus, intervention fund on national security and other expense accruals.

29e Movement analysis for lease liabilities:

	Group 2019 Million	Group 2018 Million	Bank 2019 Million	Bank 2018 Million
As at 1 January - effect of adoption of IFRS 16	583	-	583	-
Additions	606	-	606	-
Accredition of interest (Note 6)	138	-	138	-
Payments	-	-	-	-
As at 31 December	1,327	-	1,327	-
Maturity analysis				
Current	-	-	-	-
Non current	1,327	-	1,327	-
	1,327	-	1,327	-

29f Securities lending
The Group entered into a securities lending agreement with Goldman Sachs. As part of the agreement, the Group lent its holdings on FGN Bonds in return for cash. The cash received from Goldman Sachs is recognised in Other foreign securities (see note 16f).

30 **Share capital and equity reserves**	Group 2019 Million	Group 2018 Million	Bank 2019 Million	Bank 2018 Million
Authorised shares				
Ordinary share of N1 each	100,000	100,000	100,000	100,000
Issued and fully paid up:	Million	Million	Million	Million
Ordinary share of N1 each	5,000	5,000	5,000	5,000
	N'million	N'million	N'million	N'million
At 31 December	5,000	5,000	5,000	5,000

The Federal Government of Nigeria is the sole subscriber to the paid up capital of the Bank and its holding is not transferable in whole or in part nor is it subject to any encumbrance.

Fair value reserve
The fair value reserve comprises the cumulative change in the fair value of equity and debt instruments classified at fair value through other comprehensive income (FVOCI).

Foreign currency translation reserve
The foreign currency translation reserve comprises translation of investments in foreign associates.

Revaluation reserve
The revaluation reserve comprises the cumulative change in the revaluation of property and equipment

Retained earnings
Retained earnings refers to 20% of the operating surplus of the Bank. It also includes accumulated losses in the periods where the CBN posted net losses. Retained earnings and losses are cumulative from year to year.

(All amounts are in millions of Naira, unless otherwise stated)

31 Cash generated from operating activities

	Notes	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Profit before tax		41,970	51,503	2,966	4,215
Adjustments for non cash items:					
Depreciation of property and equipment	24	27,691	18,913	16,698	14,186
Amortisation of intangible assets	23	2,969	1,206	2,806	1,206
Net loss/(gains) on disposal of property and equipment	9,13	115	171	(2)	142
Losses on disposal of intangible assets	13	58	-	58	-
Property,plant and equipment write-off	13	1,390	-	-	-
Credit loss expense	14	82,758	(409,941)	81,949	(409,997)
Unrealised losses/(gains) on foreign exchange revaluation	9	49,763	(1,647,417)	49,763	(1,648,468)
Share of profit of associates	21	(33,632)	(23,575)	-	-
Defined benefit expense	28	27,216	32,043	27,210	31,536
Interest on lease liabilities	6	138	-	138	-
Gains on derecognition of financial assets	9	(95,753)		(95,753)	
Fair value gains on Gold bullion	9	(379,933)	-	(379,933)	-
		(275,251)	(1,977,097)	(294,160)	(2,007,180)
Change in operating assets and liabilities:					
Increase in loans and receivables		(3,935,600)	(2,630,153)	(4,193,862)	(2,648,428)
Increase in external reserves		(132,374)	(15,024)	(132,374)	(15,024)
Increase in other assets		(113,256)	(92,244)	(114,110)	(83,934)
(Decrease)/Increase in deposits		(882,300)	1,825,159	(800,336)	1,825,666
Increase in Central Bank of Nigeria Instruments		1,825,620	3,875,300	1,825,620	3,875,300
Increase in Bank notes and coins in circulation		143,764	157,594	113,279	172,477
Increase in other liabilities		1,215,879	31,507	1,230,330	59,318
		(1,878,267)	3,152,139	(2,071,453)	3,185,375
Net cash flows (used in)/ from operating activities		(2,153,518)	1,175,042	(2,365,553)	1,178,195

32 Contingent liabilities and commitments

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities including financial guarantees. Even though these obligations may not be recognised in the consolidated and separate statements of financial position, they do contain credit risk and are therefore part of the overall risk of the Group (see Note 3.2.2).

32a Legal proceedings

There are a number of litigations outstanding against the Bank as at 31 December 2019 with contingent liabilities of N35.7 trillion (31 December 2018: N31.7 trillion). The Directors estimate that provision made for the contingent liabilities will be adequate to meet any liability that may crystallise.

Included in the litigation are two significant cases with total claims of N30.6 trillion, in which judgement have been given against the Bank and other co-defendants in prior years and where the Bank's appeal against the judgments are currently pending before the appellate courts.

One of the litigations pending at the Court of appeal is one in which, the Bank had lost at the Federal High Court in March 2014. The Bank has appealed against the decision of the Federal High Court, of which, the appeal is still pending before the Court of Appeal. There was a 2nd defendant on this legal case, who had lost at the Federal High Court and the Court of Appeal (the Bank was a party to the 2nd defendant's appeal). The judgement sum amounts to GBP2.159 billion with 15% annual interest calculated with effect from 22 June 1995.

In the second case, the legal action was made against the Federal Government of Nigeria. The Bank is involved as a result of its capacity of being the Banker to the Federal Government of Nigeria. An Arbitration Tribunal awarded a sum of USD6.597 billion against the Federal Government of Nigeria, with 7% annual interest calculated with effect from 20 March 2013. The case was taken to the Commercial Court in England for enforcement in March 2018 and a ruling for the sum of USD9.6 billion was later granted against the Federal government of Nigeria. The Federal Government of Nigeria has applied for a stay of execution of the ruling while appealing at the Commercial Court of England.

Management is of the view that a high level of success is expected at the Court of appeal and the Commercial Court of England respectively, based on professional legal advice and the likelihood of outflow of economic resource is considered remote. Consequently no provision was recognized in the financial statements.

The Directors are also of the opinion that all known liabilities and commitments which are relevant in the assessment of the state of financial affairs of the Bank have been taken into consideration in the preparation of these consolidated and separate financial statements.

32b Capital Commitments

	Group 2019 N'million	Group 2018 N'million	Bank 2019 N'million	Bank 2018 N'million
Capital and other commitments:				
Intervention funds	944,129	827,676	944,129	827,676
FX forwards, OTC futures and currency swaps	9,914,610	7,575,265	9,914,610	7,575,265
Capital commitments	99,594	32,053	99,594	18,109
	10,958,333	8,434,994	10,958,333	8,421,050

Intervention funds balance of N944.13 billion (31 December 2018: N827.68 billion) represents commitments made in respect of Commercial Agricultural Credit Guarantee Scheme, Real Sector Support Facility, Micro, Small and Medium Scale Enterprise Fund, Power and Aviation Fund, SME/Manufacturing Sector Intervention Fund and other intervention activities of the Bank.

The capital commitments of the Group are in respect of property, plant and equipment, and the funds to meet the capital commitments will be sourced from internally generated funds.

The FX forwards, OTC futures and currency swaps represent the naira equivalent of the outstanding balance as at year end.

32c **Guarantees**

Included in external reserves (note 16), is a balance of N81.67 billion ($224 million), which represents a guarantee of N72.9 billion ($200 million) to Process and Industrial Developments Limited (P&ID) on behalf of the Federal Government of Nigeria and N8.8 billion ($24.06 million) to AIC Limited on behalf of the Federal Airport Authority of Nigeria (FAAN).

Undrawn commitments

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to other undrawn commitments is, as follows:

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end stage classification. Details of the Group's external grading system are explained in Note 3.2.4.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.6.

Outstanding exposure

External rating grade (S&P)	2019				2018
	Stage 1	Stage 2	Stage 3	Total	Total
Performing	N'million	N'million	N'million	N'million	N'million
Standard grade (BBB - B)	844,535	-	-	844,535	724,303
Sub-standard grade (CCC - CC)	99,594	-	-	99,594	103,373
Total	944,129	-	-	944,129	827,676

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Other undrawn commitments is, as follows:

	Stage 1	Stage 2	Stage 3	Total
Outstanding exposure as at	N'million	N'million	N'million	N'million
1 January 2019	827,676	-	-	827,676
New exposures	594,580	-	-	594,580
Exposures derecognised or matured/lapsed (excluding write offs)	(478,127)	-	-	(478,127)
At 31 December 2019	944,129	-	-	944,129
Outstanding exposure as at				
1 January 2018	259,954	-	28,135	288,089
New exposures	724,783	-	-	724,783
Exposures derecognised or matured/lapsed (excluding write offs)	(157,061)	-	(28,135)	(185,196)
At 31 December 2018	827,676	-	-	827,676

In millions of Naira		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
ECLs as at 1 January 2019		105	-	162	267
New exposures	Note 14	20,293	-	-	20,293
Exposures derecognised or matured (excluding write offs)	Note 14	(41)	-	-	(41)
At 31 December 2019		20,357	-	162	20,519
ECLs as at 1 January 2018		440	-	1,048	1,488
New exposures		-	-	-	-
Exposures derecognised or matured (excluding write offs)	Note 14	(335)	-	(886)	(1,221)
At 31 December 2018		105	-	162	267

Central Bank of Nigeria is wholly-owned and controlled by the Federal Government of Nigeria (FGN).

The Federal Government of Nigeria also controls the Ministry of Finance Incorporated, other Government Ministries, Departments and Agencies (MDAs), Nigeria Securities, Printing and Minting Plc (NSPM), Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL) and NESI Stabilization Strategy Limited (NESI). These entities (in addition to the key management personnel of the Bank) are related parties to the Central Bank of Nigeria.

33 Related party transactions

(i) Advances to the Federal Government of Nigeria

The transactions with the Federal government and fellow subsidiaries (under control of the Federal Government) are exempted from the disclosure requirement of IAS 24 due to their nature. However material transactions and balances are disclosed.

	Group	
	2019	2018
	N'million	N'million
At 1 January	6,072,253	3,950,963
Additions	3,388,710	2,121,290
At 31 December	9,460,963	6,072,253

(All amounts are in millions of Naira, unless otherwise stated)

33 Related party transactions - continued

(ii) Key management compensation

The Bank's key management personnel comprises the Governor, the 4 Deputy Governors and 7 Non Executive Directors of the Bank.
The compensation paid or payable to key management for employee services is shown below:

	Group	
	2019	2018
	N'million	N'million
Salaries and other short-term employee benefits	617	428
Total	617	428

(iii) Balances with Key Management Personnel

	Group	
	2019	2018
	N'million	N'million
Loans and advances	1,037	819
	1,037	819

The Bank has applied the exemption granted by IAS 24 relating to the disclosure requirements in relation to related party transactions and outstanding balances with (a) a government that has control and significant influence over the Bank (b) another entity that is a related party because the same government has control or significant influence over both the Bank and the other entity. Hence, the Bank has not disclosed transactions and balances with its subsidiaries and associates as they are controlled by the Federal Government of Nigeria which also controls the Bank. The Bank's collectively significant transactions with the Federal Government of Nigeria and other entities controlled, jointly controlled or significantly influenced by Federal Government arises from the normal business activities of the CBN including government deposits held by the Bank, investment in securities issued by the Federal Government and its agencies, transfer to the Federal Government in compliance with the Fiscal Responsibility Act among others.

34 Events after the reporting date

Subsequent to year end, on 11 March 2020, the World Health Organisation (WHO) declared the coronavirus (COVID-19) outbreak as a pandemic. The COVID-19 pandemic has resulted in significant adverse consequences for both the global and the Nigerian economies. It has already led to unprecedented disruptions in global supply chains, sharp reduction in crude oil prices, turmoil in global stock and financial markets, massive cancellations in sporting, entertainment and business events, lockdown of large swaths of movements of persons in many countries, and intercontinental travel restrictions across critical air routes in the world. These outcomes have had serious adverse implications for key sectors including but not limited to oil and gas, airlines, manufacturing, trade and consumer markets.

On 16 March 2020, the Bank in furtherance of its financial stability mandate, and in order to cushion the adverse economic impact of this pandemic, announced the following policy measures:

1. Extension of existing moratoriums on principal repayments for all intervention facilities for one year, effective March 1, 2020.

2. Reduction of interest rates on all intervention facilities from 9% to 5%per annum for one year, effective March 1, 2020.

3. Creation of a N50Billion credit facility through the NIRSAL Microfinance Bank for households and small- and medium-sized enterprises (SMEs) that have been particularly hard hit by COVID-19, including but not limited to hoteliers, airline service providers, health care merchants, etc.

4. Creation of a N100 billion credit support intervention for the healthcare industry to strengthen the sector's capacity to meet the potential increase in demand for healthcare products and services.

5. Regulatory forbearance - granting Deposit Money Banks leave to consider temporary and time-limited restructuring of the tenor and loan terms for affected businesses and households.

6. Strengthening of the Loan to Deposit ratio policy.

As at the date of issuance of the financial statements, the Bank is unable to reliably estimate the financial impact arising from the COVID-19 pandemic.

This is due to the following:

- The framework for accessing some of these interventions is yet to be finalized.
- The extent to which the interventions would be taken advantage of is still uncertain, as the pandemic and its resultant effects at the date of issuance of these financial statements could not be determined.

The above policy measures announced to cushion the effects of COVID-19 together with other potential adverse macro-economic factors will have an impact on the future results and financial position of the Central Bank of Nigeria. However, the Bank, at the date of issuing these financial statements, could not make a reliable estimate of the qualitative and quantitative assessment of the impact.

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED
(All amounts are in millions of Naira, unless otherwise stated)

	Group				Bank			
	2019 N'million	%	2018 N'million	%	2019 N'million	%	2018 N'million	%
Income	2,718,420		1,882,386		2,708,850		1,861,854	
Less:								
Brought in materials and services- local	(2,477,757)		(1,670,031)		(2,524,535)		(1,713,010)	
Value added	240,663	100%	212,355	100%	184,315	100%	148,844	100%
Applied as follows:								
To pay employees:								
Staff costs	168,034	70%	137,361	65%	161,845	88%	129,237	87%
To pay providers of capital:								
Transfer to FGN consolidated revenue fund	2,373	1%	3,372	2%	2,373	1%	3,372	2%
To pay Government:								
Taxation	6,772	3%	5,238	2%	-		-	
Maintenance of assets and retention for future operations:								
For replacement of property,equipment and right-of-use/intangible assets (depreciation and amortisation)	30,659	13%	20,119	9%	19,504	11%	15,392	10%
Deferred tax	560	0%	2,494	1%	-	-	-	-
Retained surplus for the year	32,264	13%	40,398	21%	593	0%	843	1%
	240,663	100%	212,355	100%	184,315	100%	148,844	100%

OTHER NATIONAL DISCLOSURES

CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

(All amounts are in millions of Naira, unless otherwise stated)

Bank

Income Statement

	2019 N'million	2018 N'million	2017 N'million	2016 N'million	2015 N'million
Interest and similar income calculated using the effective interest method	1,453,193	852,539	-	-	-
Interest and similar income	-	-	673,217	752,443	566,967
Other interest and similar income	87,867	39,228	-	-	-
Interest and similar expense calculated using the effective interest method	(2,220,766)	(1,900,876)	(1,342,961)	(458,002)	(430,660)
Net interest income	**(679,706)**	**(1,009,109)**	**(669,744)**	**294,441**	**136,307**
Fees and commission income	64,053	54,270	41,311	29,964	67,638
Net fair value gain/(loss) on financial instruments	50,183	61,928	(51,335)	(478,223)	5,065
Other operating income	1,053,554	853,889	1,450,535	893,400	513,129
Total operating income	**488,084**	**(39,022)**	**770,767**	**739,582**	**722,139**
Credit loss expense	(81,949)	409,997	(347,012)	(72,933)	2,221
Impairment (charge)/reversal on financial investments	-	-	(23,297)	(11,776)	(1,493)
Net operating income	**406,135**	**370,975**	**400,458**	**654,873**	**722,867**
Personnel expenses	(161,845)	(129,237)	(129,533)	(117,448)	(164,251)
Financial sector intervention expenses	-	-	-	(226,403)	(154,305)
Depreciation of property, equipment and right-of-use	(16,698)	(14,186)	(18,334)	(10,236)	(8,832)
Amortisation of intangible assets	(2,806)	(1,206)	(1,371)	(743)	(2,519)
Currency issue expenses	(85,300)	(74,453)	(58,604)	(43,790)	(52,611)
Other operating expenses	(136,520)	(147,678)	(122,450)	(151,322)	(231,819)
Total operating expenses	**(403,169)**	**(366,760)**	**(330,292)**	**(549,942)**	**(614,337)**
Net income for the year	**2,966**	**4,215**	**70,166**	**104,931**	**108,530**

Bank

Statement of other comprehensive income

	2019 N'million	2018 N'million	2017 N'million	2016 N'million	2015 N'million
Net income for the year	**2,966**	**4,215**	**70,166**	**104,931**	**108,530**
Other comprehensive income/(loss) to be reclassified to income or loss in subsequent periods net of tax:					
Debt instruments at fair value through other comprehensive income:					
Net change in fair value during the year	94	(20)	-	1,437	36,494
	94	(20)	-	1,437	36,494
Available-for-sale financial assets:					
Net change in fair value during the year	-	-	6,347	-	-
Net gains/(losses) on available for sale financial assets	-	-	6,347	-	-
Total items that will be reclassified to the income statement	**94**	**(20)**	**6,347**	**1,437**	**36,494**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at fair value through other comprehensive income	8,769	(1,941)			
Re-measurement (losses)/gains on defined benefit plans	(44,823)	7,632	31,924	23,860	(49,903)
Revaluation of property and equipment	196,264	-	-	-	-
Share of other comprehensive income of associates					
Total items that will not be reclassified to the income statement	**160,210**	**5,691**	**31,924**	**23,860**	**(49,903)**
Other comprehensive income for the year	**160,304**	**5,671**	**38,271**	**25,297**	**(13,409)**
Total comprehensive income for the year	**163,271**	**9,886**	**108,437**	**130,228**	**95,121**
Attributable to:					
Equity holder of the Bank	163,271	9,886	108,437	130,228	95,121
	163,271	9,886	108,437	130,228	95,121

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Bank

Statement of financial position	**2019 N'million**	**2018 N'million**	**2017 N'million**	**2016 N'million**	**2015 N'million**
Assets					
External reserves	14,295,794	16,376,603	14,563,696	8,351,643	5,263,831
IMF Holdings of Special Drawing Rights	747,143	639,070	650,824	611,930	456,481
Loans and receivables	17,431,338	13,388,732	10,369,678	8,091,031	6,470,909
Investment securities:					
Available-for-sale	-	-	50,669	43,514	40,647
Held to maturity	-	-	1,965,705	2,064,919	736,361
Financial assets at fair value through profit or loss	44,423	2,531	-	13,554	9,576
Equity instruments at fair value through other comprehensive income	166,656	43,602	-	-	-
Debt instruments at amortised costs	2,989,569	2,903,535			
Investments in subsidiaries	45,401	45,401	28,098	43,282	28,098
Investments in associates	111,126	111,126	91,966	91,966	91,966
Quota in International Monetary Fund (IMF)	1,016,290	1,046,449	1,002,558	683,175	484,476
Other assets	409,384	209,281	140,461	1,273,456	1,330,097
Intangible assets	6,744	6,752	3,405	4,990	5,054
Property, plant and equipment	681,499	469,059	446,531	433,423	411,944
Total assets	**37,945,367**	**35,242,141**	**29,313,591**	**21,706,883**	**15,329,440**
Liabilities					
Bank notes and coins in circulation	2,442,045	2,328,766	2,156,289	2,178,233	1,857,805
Deposits	13,565,073	14,365,409	12,466,903	11,228,524	8,685,156
Central Bank of Nigeria Instruments	14,620,713	12,795,093	8,919,793	5,106,026	2,240,077
IMF allocation of Special Drawing Rights	835,174	714,179	727,153	683,603	456,550
IMF related liabilities	967,851	998,012	954,121	634,738	484,492
Financial liabilities at fair value through profit or loss	-	-	-	282,925	25,230
Employee benefit liabilities	131,171	74,336	103,616	117,047	133,533
Other liabilities	4,703,777	3,447,680	3,411,843	954,218	971,312
Total liabilities	**37,265,804**	**34,723,475**	**28,739,718**	**21,185,314**	**14,854,155**
Equity					
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	427,221	471,451	524,697	478,740	433,893
Fair value reserve	51,078	42,215	44,176	37,829	36,392
Revaluation reserve	196,264	-	-	-	-
Equity attributable to equity holders of the Bank	**679,563**	**518,666**	**573,873**	**521,569**	**475,285**
Total liabilities and equity	**37,945,367**	**35,242,141**	**29,313,591**	**21,706,883**	**15,329,440**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Group
Income Statement

	2019 N'million	2018 N'million	2017 N'million	2016 N'million	2015 N'million
Interest and similar income calculated using the effective interest method	1,471,365	874,973	-	-	-
Interest and similar income	-	-	685,608	754,094	567,164
Other interest and similar income	87,867	39,228	-	-	-
Interest and similar expense calculated using the effective interest method	(2,221,373)	(1,902,881)	(1,344,862)	(459,304)	(434,963)
Net interest income	**(662,141)**	**(988,680)**	**(659,254)**	**294,790**	**132,201**
Fees and commission income	64,246	54,440	41,368	30,212	67,638
Net fair value gain/(loss) on financial instruments	50,183	61,928	(51,335)	(478,223)	5,065
Other operating income	1,044,759	851,817	1,457,958	898,280	527,110
Total operating income	**497,047**	**(20,495)**	**788,736**	**745,059**	**732,014**
Credit loss expense	(82,758)	409,941	(347,012)	(72,933)	3,045
Impairment (charge)/reversal on financial investments	-	-	(23,297)	(11,776)	(1,493)
Net operating income	**414,289**	**389,446**	**418,427**	**660,350**	**733,566**
Personnel expenses	(168,034)	(137,361)	(135,195)	(121,229)	(167,818)
Depreciation of property, equipment and right-of-use	(27,691)	(18,913)	(22,573)	(12,459)	(9,517)
Amortisation of intangible assets	(2,969)	(1,206)	(1,371)	(743)	(2,519)
Currency issue expenses	(10,207)	(14,165)	(13,450)	(14,440)	(30,612)
Other operating expenses	(197,050)	(189,873)	(155,054)	(173,610)	(255,140)
Total operating expenses	**(405,951)**	**(361,518)**	**(327,643)**	**(322,481)**	**(619,911)**
Net income before share of associates' profit	**8,338**	**27,928**	**90,784**	**337,869**	**113,655**
Share of profit of associates	33,632	23,575	18,386	13,894	7,697
Net income before tax	**41,970**	**51,503**	**109,170**	**351,763**	**121,352**
Income tax (expense)/credit	(7,332)	(7,733)	(1,773)	(890)	1,722
Net income for the year	**34,638**	**43,770**	**107,397**	**350,873**	**123,074**

Group
Statement of other comprehensive income

	2019	2018	2017	2016	2015
Net income for the year	**34,638**	**43,770**	**107,397**	**124,470**	**123,074**
Other comprehensive income/(loss) to be reclassified to income or loss in subsequent periods net of tax.					
Debt instruments at fair value through other comprehensive income:					
Net change in fair value during the year	94	(20)	-	-	-
Changes in allowance for expected credit losses	-	-	-	-	-
	94	(20)	-	-	-
Available-for-sale financial assets:					
Net change in fair value during the year	-	-	6,347	1,437	36,494
Share of other comprehensive income of associates	22,338	(3,530)	34,584	63,512	23,152
Net gains/(losses) on available for sale financial assets	**22,338**	**(3,530)**	**40,931**	**64,949**	**59,646**
Total items that will be reclassified to the income stateme	**22,432**	**(3,550)**	**40,931**	**64,949**	**59,646**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at fair value through other comprehensive income	8,769	(1,941)	-	-	-
Re-measurement (losses)/gains on defined benefit plans	(43,065)	7,632	31,924	24,126	(50,099)
Revaluation of property and equipment	196,264	-	-	-	-
Share of other comprehensive income of associates	-	-	-	-	-
Total items that will not be reclassified to the income statement	**161,968**	**5,691**	**31,924**	**24,126**	**(50,099)**
Other comprehensive income/(loss) for the year	**184,400**	**2,141**	**72,855**	**89,075**	**9,547**
Total comprehensive income for the year	**219,038**	**45,910**	**180,252**	**213,545**	**132,621**
Attributable to:					
Equity holder of the Bank	217,555	44,096	178,868	213,782	95,784
Non-controlling interests	1,483	1,814	1,384	(237)	(62)
	219,038	**45,910**	**180,252**	**213,545**	**95,722**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Group

Statement of financial postion	**2019 N'million**	**2018 N'million**	**2017 N'million**	**2016 N'million**	**2015 N'million**
Assets					
Cash and bank balances	234,661	18,954	28,197	18,123	38,821
External reserves	14,295,794	16,376,603	14,563,696	8,351,643	5,263,831
IMF Holdings of Special Drawing Rights	747,143	639,070	650,824	611,930	456,481
Loans and receivables	17,085,405	13,301,870	10,285,433	8,017,762	6,401,502
Financial assets at fair value through profit or loss	-	-	-	13,554	9,576
Investment securities:					
Available-for-sale	-	-	50,669	43,514	40,647
Held to maturity	-	-	2,082,360	2,158,310	793,906
Debt instruments at fair value through other comprehensive income	44,423	2,531	-	-	-
Equity instruments at fair value through other comprehensive income	166,656	43,602	-	-	-
Debt instruments at amortised costs	3,092,129	3,013,284	-	-	-
Investments in associates	344,273	294,454	271,367	225,995	151,611
Quota in International Monetary Fund (IMF)	1,016,290	1,046,449	1,002,558	683,175	484,476
Other assets	429,725	230,476	153,346	1,280,784	1,341,572
Intangible assets	7,099	6,752	3,405	4,990	5,054
Property, plant and equipment	740,940	538,106	516,515	505,080	475,983
Total assets	**38,204,538**	**35,512,151**	**29,588,371**	**21,914,860**	**15,463,460**
Liabilities					
Bank notes and coins in circulation	2,442,031	2,298,267	2,140,673	2,171,951	1,857,788
Deposits	13,483,109	14,365,409	12,466,903	11,228,524	8,685,156
Central Bank of Nigeria Instruments	14,620,713	12,795,093	8,919,793	5,106,026	2,240,077
IMF allocation of Special Drawing Rights	835,174	714,179	727,153	683,603	456,550
IMF related liabilities	967,851	998,012	954,121	634,738	484,492
Financial liabilities at fair value through profit or loss	-	-	-	282,925	25,230
Employee benefit liabilities	129,307	74,221	103,540	116,931	133,790
Current income tax payable	8,472	3,041	1,810	1,476	371
Deferred tax liabilities	11,428	10,868	5,598	5,015	5,197
Other liabilities	4,693,053	3,456,326	3,449,558	988,567	1,009,306
Total liabilities	**37,191,138**	**34,715,416**	**28,769,149**	**21,219,756**	**14,897,957**
Equity					
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	607,395	619,678	638,488	556,684	491,795
Fair value reserve	49,258	43,430	47,006	39,350	38,984
Foreign currency translation reserve	144,611	119,238	121,153	87,879	23,296
Revaluation reserve	196,264	-	-	-	-
Equity attributable to equity holders of the Bank	**1,002,528**	**787,346**	**811,647**	**688,913**	**559,075**
Non-controlling interests	10,872	9,389	7,575	6,191	6,428
Total equity	**1,013,400**	**796,735**	**819,222**	**695,104**	**565,503**
Total liabilities and equity	**38,204,538**	**35,512,151**	**29,588,371**	**21,914,860**	**15,463,460**